



सत्यमेव जयते

GOVERNMENT OF INDIA

Annual Report 2015-16

**Ministry of Finance
(Budget Division)**

Annual Report

2015-16

Ministry of Finance
(Budget Division)

Contents

Page No.

INTRODUCTION

vi

CHAPTER I

Department of Economic Affairs

1. Economic Division	1
2. Budget Division	3
3. Financial Markets Division	6
4. Financial Action Task Force (FATF) Cell	15
5. Financial Stability and Development Council (FSDC) Secretariat	15
6. Financial Sector Legislative Reforms Commission (FSLRC) Division	17
7. Commodity Derivatives Markets Division	18
8. Infrastructure and Energy Division	22
9. Investment Division	26
10. Multilateral Institutions Division	30
11. Multilateral Relations Division	36
12. Aid Accounts & Audit Division	39
13. Administration Division	40
14. Bilateral Cooperation Division	43
15. Integrated Finance Division	48
16. Directorate of Currency	49
Annexures	53
Organisation Chart	55

CHAPTER II

Department of Expenditure

1. Establishment Division	57
2. Pay Research Unit (PRU)	57
3. Plan Finance-I Division	58
4. Plan Finance-II Division	59
5. Procurement Policy Division	60
6. Staff Inspection Unit	61
7. Controller General of Accounts (CGA)	61
8. Office of Chief Adviser Cost	67
9. Use of Official Language (Hindi)	70
10. Integrated Finance Unit (IFU)	71
11. Chief Controller of Accounts	72
12. National Institute of Financial Management	72
Annexures	75
Organisation Chart	77

CHAPTER III

Department of Revenue

1. Organization and Functions	79
2. Revenue Headquarters Administration	80
3. Narcotics Control (NC) Division	82
4. State Taxes	94
5. Adjudicating Authority under Prevention of money Laundering Act, 2002	97
6. The Appellate Tribunal under Prevention of money Laundering Act	98
7. Appellate Tribunal for Forfeited Property (ATFP)	98

8. Setup for Forfeiture of Illegally Acquired Property	98
9. Central Board of Excise and Customs	99
10. Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	144
11. Customs, Central Excise & Service Tax Settlement Commission	145
12. Authority for Advance Rulings (Central Excise, Customs & Service Tax)	146
13. Central Board of Direct Taxes (CBDT)	149
14. Income Tax Settlement Commission	256
15. Authority for advance Ruling (Income Tax)	258
16. Central Economic Intelligence Bureau (CEIB)	260
17. Directorate of Enforcement	263
18. Financial Intelligence Unit, India (FIU-IND)	270
19. Integrated Finance Unit (IFU)	271
20. National Committee Promotion of Social and Economic Welfare	273
21. National Institute of Public Finance and Policy (NIPFP)	274
22. Implementation of Official Language Policy	275
23. Implementation of the Right to Information Act, 2005	277
24. Swachh Bharat Campaign	279
Annexures	280
Organisation Chart	306

CHAPTER IV

Department of Disinvestment

1. Functions	307
2. Vision	307
3. Mission	307
4. Organisational Structure	307

5. Policy and Approach to Disinvestment	307
6. Benefits of Disinvestment	308
7. Reform measures and policy initiatives	308
8. Performance/achievements	308
9. Utilization of disinvestment Proceeds	309
10. Initiatives Undertaken for Persons with disabilities Schedule Castes, Scheduled Tribes and other backward classes	309
11. Initiatives Relating to Gender Budgeting and Empowerment of Woman	310
12. Official Language Policy	310
13. E-Governance	310
14. Redressal of Public Grievances	310
15. Vigilance Machinery	310
16. Right to Information Act, 2005	310
17. Initiatives for Good Governance	311
18. Audit Paras/Objections	311
19. Integrated Finance Unit	311
Appendix	313

CHAPTER V

Department of Financial Services

1. Work Allocation among Sections	315
2. Banking Operations and Accounts	319
3. Regional Rural Banks	320
4. Financial Inclusion	321
5. Agriculture Credit	323
6. Debts Recovery Tribunal	325
7. Non-Performing Assets (NPAs)	326

8.	Prime Minister Mudra Yojana	326
9.	Financial Institutions	327
10.	Representation of SCs, STs, OBCs and PWDs	343
11.	Priority Sector Lending and Lending to Women and Minorities	343
12.	Education Loan	344
13.	Vigilance	346
14.	Insurance Sector	347
15.	Disposal of Public Grievances	359
16.	Audit Paras	359
	Annexures	361
	Organisation Chart	382

Introduction

The Ministry comprises of the five Departments namely:—

- ❖ Department of Economic Affairs
- ❖ Department of Expenditure
- ❖ Department of Revenue
- ❖ Department of Disinvestment
- ❖ Department of Financial Services

1. Department of Economic Affairs

Economic Growth

As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of the gross domestic product (GDP) at constant market prices has been estimated at 7.6 per cent in 2015-16, which is higher than the growth of 7.2 per cent growth recorded in the previous year. The growth of the gross value added (GVA) at constant basic prices has been estimated at 7.3 per cent in 2015-16—as opposed to 7.1 per cent in 2014-15—, with agriculture and allied sectors, industrial sector and services sector growing at 1.1 per cent, 7.3 per cent and 9.2 per cent respectively. The growth of GDP at constant basic prices for the first, second and third quarters of 2015-16 has been estimated at 7.6 per cent, 7.7 per cent and 7.3 per cent respectively.

On the demand side, the growth in final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 6.9 per cent in 2015-16, as compared to 7.2 per cent in 2014-15. The growth in gross fixed capital formation at constant prices increased from 4.9 per cent in 2014-15 to 5.3 per cent in 2015-16. Exports and imports of goods and non-factor services declined (at constant prices) by 6.3 per cent each in 2015-16; the former mainly on account of the sluggishness in the global economy and the latter on account of decline in international petroleum and other commodity prices.

Information on saving and investment is available only till the year 2014-2015. Gross saving as proportion of GDP at current market prices is estimated at 33.0 per cent in 2014-15 and 2013-14. Gross capital formation, also known as investment, was estimated to be 34.2 per cent of the GDP at current market prices in 2014-15, as compared to 34.7 per cent in 2013-14.

Agriculture and Food Management Unit

During the South West Monsoon Season (June-September) of 2015, the country as a whole received rainfall of 86 per cent of its long period average (LPA). Seasonal rainfall was 83 per cent of its LPA over Northwest India, 84 per cent of its LPA over Central India,

92 per cent of its LPA over Northeast (NE) India and 85 per cent of its LPA over South Peninsula. South West Monsoon (June to September 2015) rainfall for the country as a whole and the four broad geographical regions is given in the table below:

Table 1: Rainfall			
Region	Actual (mm)	Long Period Average (LPA) (mm)	Actual % of LPA
All India	887.5	760.6	86
Northwest India	615.0	510.6	83
Central India	975.5	815.5	84
Northeast India	1437.3	1317.5	92
South Peninsula	715.1	605.7	85

Source: India Meteorological Department.

Out of the total 36 meteorological subdivisions, 1 subdivision received excess season rainfall, 18 subdivisions received normal season rainfall and the remaining 17 subdivisions received deficient season rainfall during the South West Monsoon Season (June-September), 2015.

As per the First Advance Estimates (AE) released by Ministry of Agriculture on 16.09.2015, production of kharif foodgrains during 2015-16 is estimated at 124.1 million tonnes compared to 120.3 million tonnes in 2014-15.

Table 2: Production of Major Kharif Crops (in Million Tonnes)			
S. No.	Crops	2014-15 (First AE)	2015-16 (First AE)
1	Rice	88.0	90.6
2	Total Coarse Cereals	27.1	27.9
3	Total Pulses	5.2	5.6
4	Total Kharif Foodgrains	120.3	124.1
5	Total Oilseeds	19.7	19.9
6	Sugarcane	342.8	341.4
7	Cotton@	34.6	33.5
@ Production in million bales of 170 kg each			
Source: Directorate of Economics & Statistics, Department of Agriculture, Cooperation & Farmers Welfare.			

During 2015-16, area sown upto 18.09.2015 under all kharif crops taken together was 1021.9 lakh hectares as compared to 1005.8 lakh hectares in the corresponding period of last year and it was higher than 2014-15 by 1.6 per cent.

Minimum Support Prices (MSPs) for major agricultural commodities have been raised by the

Government considering the recommendation of the Commission for Agricultural Costs & Prices (CACP), views of the State Governments, concerned Ministries/ Departments and other relevant factors. Substantial hikes in MSPs were given in 2012-13 as compared to the previous year. However, in 2013-14, 2014-15, 2015-16 MSPs were increased moderately.

Table 3: Minimum Support Prices Fixed in 2015-16 (Crop Year) and percentage changes during previous years						
MSP (Rs per quintal)			% change			
	Commodity	2015-16	12-13/ 11-12	13-14/ 12-13	14-15/ 13-14	15-16/ 14-15
KHARIF CROPS	Paddy Common	1410	15.7	4.8	3.8	3.7
	Paddy (Grade 'A')	1450	15.3	5.1	4.1	3.6
	Jowar-Hybrid	1570	53.1	0.0	2.0	2.6
	Jowar-Maldandi	1590	52.0	0.0	2.0	2.6
	Bajra	1275	19.9	6.4	0.0	2.0
	Maize	1325	19.9	11.5	0.0	1.1
	Ragi	1650	42.9	0.0	3.3	6.5
	Tur (Arhar)	4625	4.1	11.7	1.2	6.3
	Moong	4850	10.0	2.3	2.2	5.4
	Urad	4625	13.2	0.0	1.2	6.3
	Groundnut	4030	37.0	8.1	0.0	0.8
	Sunflower Seed	3800	32.1	0.0	1.4	1.3
	Soyabean (Yellow)	2600	32.5	14.3	0.0	1.6
	Sesamum	4700	23.5	7.1	2.2	2.2
	Nigerseed	3650	20.7	0.0	2.9	1.4
	Cotton (Medium)	3800	28.6	2.8	1.4	1.3
	Cotton (Long)	4100	18.2	2.6	1.3	1.2
RABI CROPS	Wheat	1525	5.1	3.7	3.6	5.2
	Barley	1225	0.0	12.2	4.5	6.5
	Gram	3500	7.1	3.3	2.4	10.2
	Lentil (Masur)	3400	3.6	1.7	4.2	10.6
	Rapeseed/ mustard	3350	20.0	1.7	1.6	8.1
	Safflower	3300	12.0	7.1	1.7	8.2

Source: Commission for Agricultural Costs and Prices.
(bonus is included wherever applicable)

Industry

The Central Statistics Office(CSO) under the Ministry of Statistics and Programme Implementation (MOSPI) releases the monthly data on the Index of Industrial Production((IIP).

The Index of Industrial Production (IIP) based industrial growth during 2015-2016 (April-

December), was 3.1 per cent as compared to 2.6 per cent growth achieved during the corresponding period of the previous year. Out of the three broad sectors, electricity sector has recorded the highest growth that grew at 4.5 per cent although 10.0 per cent growth was achieved during this period of the previous year. Manufacturing and mining sectors grew at 3.1 per cent and 2.3 per cent respectively against the corresponding

figures of 1.8 percent and 1.8 per cent of the previous year (Table 4.0).

Table 4.0: Growth of IIP in April-December, 2015-16 (Per cent) (Base 2004-05=100)			
Industry Group	Weight	April-December	
		2014-15	2015-16
Mining	141.57	1.8	2.3
Manufacturing	755.27	1.8	3.1
Electricity	103.16	10.0	4.5
Growth by use-based industrial group			
Basic Goods	456.82	8.0	3.4
Capital Goods	88.25	5.1	1.7
Intermediate Goods	156.86	1.8	1.9
Consumer Goods	298.08	-4.9	4.0
Durables	84.60	-15.2	12.4
Non-durables	213.47	2.3	-1.0
General Index	1000	2.6	3.1

As may be seen from above table, the basic goods sector showed a growth of 3.4 per cent as compared to a growth of 8.0 per cent during the corresponding period of previous year. Capital goods sector showed a growth of 1.7 per cent during 2015-16 (April-December) as compared to 5.1 per cent growth achieved during the corresponding period of previous year. Intermediate goods achieved a growth of 1.9 per cent during 2015-16 (April-December) as compared to the corresponding figure of 1.8 percent of the previous year. For the consumer goods sector, the growth during 2015-16 (April-December) was 4.0 per cent as against (-) 4.9 per cent in corresponding period of last year. Similarly, in the consumer durables sector, the growth rate was 12.4 per cent during this period as compared to (-) 15.2 per cent of the previous year. In contrast, consumer non-durables sector recorded a growth rate of (-) 1.0 per cent in 2015-16 (April-December) as against 2.3 per cent achieved during the corresponding period of the previous year

Infrastructure

The index for eight core industries (comprising coal, crude oil, natural gas, petroleum refinery products, fertilizers, steel, cement and electricity with a combined weight of 37.90 per cent in the IIP grew by 1.9 per cent during 2015-16 (April-December) as compared to growth rate of 5.7 per cent achieved during the corresponding period of 2014-15. During 2015-16 (April-December), five out of the eight core sectors namely coal, refinery

products, fertilizers, cement and electricity sectors achieved positive growth and remaining three sectors i.e, crude oil, natural gas and steel sectors have recorded negative growth.

Prices

The average headline inflation measured in terms of Wholesale Price Index (WPI) declined from 6.0 per cent in 2013-14 to 2.0 per cent in 2014-15 and further to -3.0 per cent in 2015-16 (Apr-Dec) and reached -0.7 per cent in December 2015. Similarly, inflation measured in terms of Consumer Price Index-New Series moderated to 4.8 per cent in 2015-16 (Apr- Dec) as compared to 5.9 per cent in 2014-15 and stood at 5.6 per cent in December 2015.

WPI Food inflation (food articles + food products), which remained high at 9.4 per cent in 2013-14 moderated to 4.9 per cent in 2014-15. It stood at 1.9 per cent in 2015-16 (Apr-Dec) and recorded 6.2 per cent in December 2015. Inflation measured in terms of Consumer Food Price Index (CFPI) declined to 4.6 per cent in 2015-16 (Apr-Dec) from 6.4 per cent in 2014-15 and is currently placed at 6.4 per cent in December 2015.

Table 5: Inflation in WPI and CPI (in per cent)				
	WPI		CPI-NS	
	All	Food	All	Food (CFPI)
Base	2004-05=100		2012=100	
Weight	100	24.3	100	39.1
2013-14	6.0	9.4	9.5	11.3
2014-15	2.0	4.9	5.9	6.4
2015-16 (Apr-Dec)	-3.0	1.9	4.8	4.6
Apr-15	-2.4	3.6	4.9	5.1
May-15	-2.2	1.7	5.0	4.8
Jun-15	-2.1	2.0	5.4	5.5
Jul-15	-4.0	-1.4	3.7	2.2
Aug-15	-5.1	-1.4	3.7	2.2
Sep-15	-4.6	0.4	4.4	3.9
Oct-15	-3.7	2.4	5.0	5.2
Nov-15	-2.0	3.8	5.4	6.1
Dec-15	-0.7	6.2	5.6	6.4
Source: Office of Economic Adviser, DIPP and Central Statistics Office.				
Note: WPI inflation for last two months and CPI-NS inflation for last one month are provisional; CPI-NS inflation for 2013-14 is based on 2010=100 base.				

The government has taken various fiscal and administrative measures to control food inflation and to protect vulnerable sections of society from inflation. Government of India has signed an Agreement with the Reserve Bank of India (RBI) on Monetary Policy Framework in February 2015 wherein RBI will aim to bring inflation, based on Consumer Price Index, below 6 per cent by January 2016 and the inflation target for financial year 2016-17 and all subsequent years shall be 4 per cent with a band of +/- 2 per cent. Commodity specific fiscal and administrative measures have been taken to contain profiteering/ exploitation of consumers. Some of the measures taken by the Government recently include:

- a) Export of onion is calibrated through imposition of appropriate Minimum Export Price (MEP) and Import is allowed at zero duty.
- b) The stock limits in respect of onion has extended by one more year i.e. up to 2nd July 2016 under the Essential Commodities Act.
- c) Export of all pulses is banned except kabuli channa and up to 10,000MTs in organic pulses and lentils.
- d) Zero import duty on pulses has been extended till 30.9.2016.
- e) Stock limits on pulses extended till 30.9.2016.

- f) Export of edible oils in bulk is prohibited except coconut oil and other edible oil in branded consumer packs of up to 5kgs is permitted with a minimum export price of USD 900 per MT w.e.f. 6.2.2015.
- g) A new Plan Scheme titled Price Stabilization Fund (PSF) has been implemented for regulating price volatility of agricultural commodities.
- h) Advisory to State Governments issued to take strict action against hoarding & black marketing and effectively enforce the Essential Commodities Act, 1955 & the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

Monetary Development during 2015-16

The Reserve Bank of India (RBI) further eased its monetary policy stance during the year 2015. Headline inflation based on the consumer price index (CPI) fell to below 6 per cent much ahead of the January 2016 target. The RBI reduced the statutory liquidity ratio by 0.50 per cent to 21.50 per cent in February 2015 and further eased the policy repo rate during the year to 6.75 per cent, in all making a substantial cut of 125 basis points (bps) between January 2015 and September 2015 (Table 3.1). In the bank's latest monetary policy review held on 2 February 2016, the policy repo rate remains unchanged.

Table 6: Revision in Policy Rates

Effective date	Bank rate/MSF rate* (per cent)	Repo rate (per cent)	Reverse repo rate (per cent)	Cash reserve ratio (per cent of NDTL)	Statutory liquidity ratio (per cent of NDTL)
09-08-2014	9.00	8.00	7.00	4.00	22.00
15-01-2015	8.75	7.75	6.75	4.00	22.00
07-02-2015	8.75	7.75	6.75	4.00	21.50
04-03-2015	8.50	7.50	6.50	4.00	21.50
02-06-2015	8.25	7.25	6.25	4.00	21.50
29-09-2015	7.75	6.75	5.75	4.00	21.50

Source : RBI.

Notes: *: Bank Rate was aligned to MSF rate with effect from February 13, 2012. NDTL is net demand and time liabilities.

The easing of the policy repo rate has been accompanied by a pick-up in the growth rates of reserve money (M0) and narrow money (M1) in 2015. The growth in M0 has been higher owing to a substantial growth of 17.9 per cent in bankers' deposits with the RBI, while the increase in M1 has been due to a higher rate of growth in demand deposits with banks. In terms of sources of

reserve money, net foreign exchange assets (NFA) have been a major determinant of the growth, modulated by net domestic assets. There was a seasonal pick-up in M0 growth to above the 14 per cent mark to accommodate the festive demand at end-December 2015; it has since moderated to a 12 per cent level. However, the growth of broad money (M3) has not picked up (Table 3.2).

**Table 7: Year-on-Year Change in Monetary Aggregates as on
December of Each Year (per cent)**

	2015	2014	2013	2012	2011	2010
1. Currency in circulation	13.0	9.6	11.1	12.0	12.4	18.2
2. Cash with banks	11.0	15.6	8.3	17.3	12.8	31.5
3. Currency with the public	13.0	9.3	11.2	11.8	12.4	17.7
4. Bankers' deposits with the RBI	17.9	7.4	9.0	-15.3	12.1	35.3
5. Demand deposits	11.9	10.4	7.4	0.1	-0.1	22.4
6. Time deposits	10.6	10.9	16.3	12.6	19.2	18.4
7. Reserve money (M0) (1+4)	14.3	9.4	10.7	4.6	12.2	22.1
8. Narrow money (M1) (3+5)	12.8	10.0	9.8	6.8	6.7	19.6
9. Broad money (M3) (6+8)	11.0	10.7	14.8	11.2	16.0	18.7

Source: RBI.

The year-on-year growth in time deposits fell to 10.6 per cent in December 2015. The real rate of interest on deposits turned positive in late 2013 after inflation dropped to below 9 per cent but time deposits have not picked up, partly because households savings are channelized to other avenues like gold and real estate. The slowdown in time deposits has been slowing the growth of bank credit as time deposits remain the most important source of bank funding. Time deposits are cheaper relative to other sources of funding and allow banks to afford higher interest rate spreads.

During the current financial year also, year-on-year growth in bank credit has remained below 10 per cent. For the fortnight ended December 2015, credit growth stood at 9.2 per cent. The sluggish growth can be attributed to several factors: (a) incomplete transmission of the monetary policy as banks have not passed on the entire benefit to borrowers; (b) unwillingness of banks to lend credit on account of rising non-performing assets (NPA); (c) worsening of corporate balance sheets, forcing them to put their investment decisions on hold; (d) more attractive interest rates for borrowers in the bond market. It is also instructive to note that bank credit explains only about a half of the resource flow to productive sectors.

A careful look at the sector-wise break up of incremental loan share shows that, as compared to earlier

years, the non-food credit issued in 2015 is indicative of the shift in sectoral share of credit off take; in particular, the share of personal loans has increased to 34.2 per cent in 2015 as compared to 15.3 per cent in 2011. Thus, consumption expenditure has been the key driver of the economy during the current financial year. However, it is a cause for concern that the share of industry has come down significantly from 53 per cent in 2011 to just 25 per cent in 2015. The decline reflects the muted market sentiments leading to slowdown in private investment demand and industrial growth, poor earnings growth of the corporate sector, and risk aversion on the part of banks in the background of rising gross NPAs.

Liquidity Management

Liquidity conditions were generally tight during the first quarter (Q1) of 2015-16, mainly due to restrained government spending. In the second quarter (Q2) of financial year (FY) 2015-16, however, liquidity conditions eased significantly as public expenditure picked up and deposits exceeded credit substantially. In the third quarter (Q3) of FY 2015-16, liquidity conditions tightened mainly due to the festive season currency demand. The RBI anchored its policy rate to achieve the domestic inflation target consistent with growth, and concurrently it used liquidity management tools effectively to preserve the external value of the rupee.

Consistent with the accommodative monetary policy stance since January 2015, the RBI has been actively managing liquidity to ensure adequate liquidity in the system and accordingly the weighted average call rate (WACR), or the operating target of monetary policy, remained closely aligned to the policy repo rate. The RBI conducted variable rate repo and reverse repo (overnight and term) auctions in order to address the day-to-day liquidity requirements arising out of frictional factors, besides regular liquidity operations. The WACR declined by 130 bps in response to the 125 bps cut in repo rate by the RBI since January 2015, pointing to perfect transmission at the first leg of the term structure. However, post the 29 September 2015 rate cut, call rate remained above repo rate for some time, implying tightening of liquidity conditions. Other short-term money market rates, in particular market repos and call money, also co-varied with the WACR. The revised liquidity management framework put in place by the RBI since 5 September 2014 has helped in containing volatility in the WACR. Under the new framework, the RBI used variable rate repo/reserve repo for fine tuning operations of varying tenors as well as outright open market operations, apart from normal liquidity operations under the liquidity adjustment facility (LAF) to manage liquidity.

Developments in the Government Securities Market

Ten-year government bonds reflect the long end of the yield curve and are also proxy for assessing the credit risk of the sovereign. The yields on government securities were affected by a number of factors in the current financial. The benchmark 10-year yield started the year at 7.78 per cent, reached its highest level of 7.99 per cent on 12 May 2015, before falling to a two-year low of 7.48 per cent after a 50 bps rate cut by the RBI on 29 September 2015. The hardening bias on yields till early May 2015 was primarily on account of an increase in crude prices from their multi-year low level in mid-March 2015, a global rise in government bond yields including in advanced countries, turbulence witnessed by global financial markets and a depreciating rupee. It saw a return to some stability post the announcement of a new 10-year paper on 19 May 2015 and continued positive developments on the inflation front. The market witnessed another round of volatility in August 2015, caused by developments in China. The new ten-year benchmark paper breached the 7.91 per cent level towards August end. Subsequently, the RBI's policy repo rate cut by 50 bps on 29 September 2015 and announcement of a medium-term framework (MTF) for staggered increase of foreign portfolio investment (FPI) limits in debt securities increased buoyancy in the market. However, the market continued to lose some of its gains after mid-October, owing to fresh concerns on global cues and some domestic concerns.

Primary Market

In 2015-16 (April-December), resource mobilization through public and right issues has surged rapidly as compared to the last financial year. During 2015-16 (April-December), 71 companies have accessed the capital market and raised ₹51,311 crore, compared to ₹11,581 crore raised through 61 issues during the corresponding period of 2014-15.

The small and medium enterprises (SME) platform of the stock exchange is intended for small and medium sized companies with high growth potential, whose post issue paid-up capital is less than or equal to ₹25 crore. During 2015-16 (April-December), 32 companies were listed on the SME platform, raising a total amount of ₹278 crore as compared to ₹229 crore raised through 28 issues in the corresponding period of 2014-15.

Resources mobilized by mutual funds during April-December 2015 also increased substantially to ₹1,61,696 crore from ₹87,942 crore mobilized during the same period of the previous year. Table 3.4 provides a picture of resource mobilization in the primary market.

Source: Securities and Exchange Board of India (SEBI).

Table 8: Resource Mobilization in the Primary Market (Rs. crore)				
	2013-14	2014-15	2014-15	2015-16
			April-December	
Debt	42383	9713	7348	30421
Equity	13269	9789	4233	20890
of which IPOs	12.6	3039	1401	12259
Private placement of corporate bonds	276054	404137	269245	341420

Note: IPO stands for initial public offering.

Secondary Market

During 2015-16 so far, the Indian securities market has remained subdued. The Bombay Stock Exchange (BSE) Sensex declined by 8.5 per cent (up to 5 January 2016) over end-March 2015, mainly on account of turmoil in global equity markets in August 2015 following slowdown in China and its currency devaluation and slump in stocks. On 4 January 2016, weak Chinese manufacturing data again led to a global sell-off which caused the BSE Sensex also to decline by 538 points (2.1 per cent). The downward trend in the Indian stock market was also guided by mixed corporate earnings for Q1 and Q2 of 2015-16, FPIs' concern over minimum

alternative tax (MAT), weakening of the rupee against the US dollar, investor concern over delay in passage of the Goods and Services Tax (GST) Bill, uncertainty over interest rate hike by US Fed and selling by FPIs. However, the Indian equity market has been relatively resilient during this period compared to the other major EMEs. The Indian stock market withstood the US Fed increase in interest rates in December 2015.

Services Sector

Services sector performance shows a mixed picture. While it is performing well in terms of GDP despite some slowdown, on the export front there is a major slowdown. As per the Provisional Estimates (AE) in 2014-15, growth of the services sector (GVA at basic constant prices) accelerated further to 10.2 per cent from 9.1 per cent in 2013-14. This is mainly due to growth acceleration in financial, real estate, and professional services to 11.5 per cent from 7.9 per cent and Transport, storage, communication & services related to broadcasting to 8.9 per cent from 7.3 per cent in the previous year. There was also good growth in Trade, repair, hotels and restaurants services at 11.6 per cent in 2014-15 though it was lower than the 13.3 per cent growth in 2013-14.

The quarterly estimates of services sector growth during 2014-15 show a fluctuating trend from Q1 to Q4. The growth rate of services sector during Q1 and Q2 of 2015-16 was at 8.9 per cent and 8.8 per cent respectively compared to 8.7 per cent and 10.4 per cent respectively recorded in the same period of previous year. Among the major broad categories of services, the combined growth of 'Trade, Hotel, Transport, communication & services related to broadcasting' achieved the highest growth rate at 10.6 per cent during Q2 of 2015-16 followed by Financial, real estate & professional services' with growth rate at 9.7 per cent.

Services Trade

In 2014-15 growth of services exports of US\$ 155.5 billion was positive though low at 2.6 per cent. Services imports grew by 1.6 per cent to US\$ 79.7 billion resulting in net services of US\$ 75.7 billion with 3.7 per cent growth. As per the latest RBI data, India's services export growth, services import growth and net services growth are still positive in Q1 of 2015-16, though they are very low.

Sector-wise performance of Services exports shows that among the major services exports of India, Software Services Exports had a positive though low growth of 4.6 % in Q1 2015-16, while Business Services (10.3 %) and Travel (7.9 %) have reasonably high growth rates. But transportation (-13.1 %) and financial services (-18.6 %) have negative growth rates reflecting the world trade situation and world growth respectively.

External Sector

India's Merchandise Trade developments during 2015-16

Reflecting the slowdown in terms of value of global trade owing to the decline in global commodity prices and weak demand, Indian trade performance in gross terms indicate a decline. India's merchandise exports (customs basis) declined by 1.3 per cent to US\$ 310.3 billion in 2014-15. In 2015-16 (April-February), exports declined by 16.7 per cent to reach a level of US\$ 238.4 billion vis-à-vis US\$ 286.3 billion in the corresponding period of the previous year.

Imports declined by 0.5 per cent US \$448.0 billion in 2014-15. Imports for 2015-16 (April-February) were at US\$ 351.8 billion, which is lower by 14.7 as compared US\$ 412.6 billion in the corresponding period of the previous year. Petroleum, Oil and Lubricant (POL) imports declined by 40.5 per cent in 2015-16 (April-February) to US\$ 77.9 billion as compared US\$ 130.9 billion in the corresponding period of the previous year. Non-POL imports for 2015-16 (April-February) declined by 2.8 per cent to a level of US\$ 273.4 billion as compared to US\$ 281.7 billion in the corresponding period of the previous year. Gold and silver imports increased by 2.8 per cent 2015-16 (April-February) to US\$ 34.3 billion as against US\$ 33.4 billion in the corresponding period of the previous year.

In 2014-15, trade deficit increased US\$ 137.7 billion which was higher than the level of US\$ 135.8 billion in 2013-14. However, during 2015-16 (April- February), trade deficit decreased to US\$ 113.4 billion from US\$ 126.3 billion in the corresponding period of previous year.

Balance of Payments (BoP) Developments during 2015-16

After high and near unsustainable level of Current Account Deficit (CAD) from 2011-12 to 2013-14 Q1, India's balance of payments situation since has been benign and comfortable. The recent weakness in external demand has adversely affected exports. Nevertheless, current account deficit (CAD) as a proportion of GDP has remained at comfortable levels in 2014-15 & 2015-16 (first half).

During, 2015-16 (April-September), merchandise exports (on BOP basis) decreased by 17.6 per cent to US\$ 135.6 billion from a level of US\$ 164.6 billion in 2014-15 (April-September). Imports fell by 13.4 per cent to US\$ 207.2 billion in 2015-16 (April-September) as compared to US\$ 239.4 billion in the corresponding period of previous year. Both exports and imports declined due to subdued demand in the global market and steep fall in international crude oil prices, respectively. This led to lower trade deficit to US\$ 71.6 billion in 2015-16 (April-September).

Net invisibles' earning was placed at US\$ 118.1 billion in 2014-15 as against US\$ 115.2 billion in 2013-14. During 2015-16 (April- September), net invisibles' earning was placed at US\$ 57.2 billion as against US\$ 56.3 billion over corresponding period of the previous year. Current account deficit (CAD) narrowed to US\$ 14.4 billion (1.4 per cent of GDP) in 2015-16 (April-September) from US\$ 18.4 billion (1.8 per cent of GDP) in corresponding period of the previous year.

Table 9: Major Components of Balance of Payments (US\$ billions)

Items	2014-15 (April- September) PR	2015-16 (April- September) P
Exports	164.6	135.6
Imports	239.4	207.2
Trade Balance	-74.7	-71.6
Net Invisible	56.3	57.2
Current Account Deficit (CAD)	-8.4	-14.4
External Assistance (Net)	0.7	0.2
Commercial Borrowing (Net)	0.8	-0.9
FDI (Net)	15.1	16.7
Portfolio	-7.7	-8.7
short Term Debt	-1.4	-1.2
NRI Deposits	6.5	10.1
Errors & Omissions	0.1	-0.4
Capital Account Balance (Including errors & omission)	36.5	24.9
Overall Balance	18.1	10.6
Change in reserves (- indicates increase; + indicates decrease) (on BoP basis)	-18.1	-10.6

Net capital inflows, however, increased to US\$ 88.2 billion (4.3 per cent of GDP) in 2014-15 from US\$ 47.9 billion (2.6 per cent of GDP) in 2013-14 owing largely to higher net inflows of FDI, portfolio investment and NRI deposits. However, it declined to US\$ 24.9 billion (2.5 per cent of GDP) in the first half of 2015-16 from US\$ 36.5 billion (3.6 per cent of GDP) in the first half of 2014-15. On a BoP basis, there was a net accretion to India's foreign exchange reserves by US\$ 61.4 billion and US\$ 10.6 billion respectively in 2014-15 (full year) and 2015-16 (April-September).

Foreign Exchange Reserves

Capital flows in excess of CAD has led to relative stability in exchange rates in India, even in volatile global capital movements in late 2015. In contrast, currencies of some other EMEs have depreciated. Foreign exchange reserves stood at US\$ 351.5 billion on 5th March 2016 as against US\$ 348.4 billion at end-February 2016, US\$ 349.6 billion at end January 2016, US\$ 353.5 billion at end-August 2015 and US\$ 356.0 billion at end-June 2015. The current position is, however, more comfortable than the foreign exchange reserves of US\$ 341.6 billion at end-March 2015.

Exchange Rate of Rupee

In the current fiscal 2015-16 (April-February), the average monthly exchange rate of rupee (RBI's reference rate) was in the range of ₹62 – 68 per US dollar (₹62.75 per US dollar in April 2015 and ₹68.24 per US dollar in February 2016). During 2015-16 (April-February), the average monthly exchange rate of rupee depreciated by 6.6 per cent against US dollar. However, the rupee appreciated against the euro and pound sterling from September 2010 onwards. On a long term basis during the period, (April 2015-February 2016) the rupee has performed better than the currencies of most of the emerging market economies except the Chinese currency.

Table 10: Monthly Average Exchange of Rupee per Foreign Currency

Month	US Dollar	Euro	Pound Sterling	Japanese Yen**
Apr-15	62.75	67.79	93.91	52.53
May-15	63.80	71.21	98.82	52.83
Jun-15	63.86	71.59	99.36	51.65
Jul-15	63.63	70.03	99.08	51.61
Aug-15	65.07	72.51	101.49	52.87
Sep-15	66.22	74.39	101.60	55.15
Oct-15	65.06	73.06	99.76	54.19
Nov-15	66.12	71.09	100.62	54.01
Dec-15	66.60	72.46	99.94	54.68
Jan-16	67.25	73.08	97.11	56.87
Feb-16	68.24	75.77	97.66	59.40

Source: Reserve bank of India, RBI's reference rate. ** Per 100 Yen.

External Debt

India's external debt stock stood at US\$ 483.2 billion at end-September 2015 recording an increase of US\$

8.0 billion (1.7 per cent) over the level at end-March 2015. The maturity profile of India's external debt indicates dominance of long-term borrowings. The rise in external debt during the period was due to long-term debt, particularly commercial borrowings and NRI deposits. At end-September 2015, long-term external debt was US\$ 397.1 billion (accounting for 82.2 per cent of total external debt) showed an increase of 1.9 per cent over the end-March 2015 level of US\$ 389.7 billion.

US dollar denominated debt continued to be the major component of external debt stock accounting for 57.7 per cent at end-September 2015, followed by the Indian rupee (28.3 per cent), SDR (5.8 per cent), Japanese yen (4.0 per cent) and Euro (2.4 per cent). Government (Sovereign) external debt at end-September 2015 stood at US\$ 88.8 billion. The shares of Government and non-Government debt in the total external debt were 18.4 per cent and 81.6 per cent respectively, at end-September 2015.

India's foreign exchange reserves provided a cover of 72.5 per cent to the external debt stock at end-September 2015 (71.9 per cent at end-March 2015). The ratio of short-term external debt to foreign exchange reserves was 24.6 per cent at end-September 2015, as compared to 25.0 per cent at end-March 2015. The ratio of concessional debt to total external debt was 8.7 per cent at end-September 2015 (8.8 per cent at end-March 2015).

The external debt management policy, followed by the Government of India emphasizes monitoring of long and short-term debt, raising sovereign loans on concessional terms with longer maturities, regulating external commercial borrowings through end-use, all-in-cost and maturity restrictions and rationalizing interest rates on Non-Resident Indian (NRI) Deposits. As a result, external debt has remained within manageable limits.

Climate Change

Climate change and issues related to the environment have gained prominence in the last few decades as the magnitude of the problem has become clearer with greater scientific evidence being revealed in this regard. Governments around the world have started taking initiatives in this regard at the domestic as well as the international level. India on its part has been taking concrete steps to ensure sustainability of its economic growth as well as to adapt to the adverse impacts of climate change.

India announced its Intended Nationally Determined Contribution (INDC) for the period 2021 to 2030 on 2nd October, 2015. India's INDC includes reduction in the emissions intensity of its GDP by 33 to 35 per cent by

2030 from 2005 level and to create an additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent through additional forest and tree cover by 2030.

The recently concluded 21st Conference of Parties (CoP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris agreed to keep the global temperature rise this century well below 2 degrees Celsius and to drive efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels. Additionally, the agreement aims to strengthen the ability to deal with the impacts of climate change. The Paris Agreement for the first time brings all nations into a common cause based on their historic, current and future responsibilities.

Social Infrastructure, Employment and Human Development

Social infrastructure like education and health are critical inputs for improving the output productivity of the population. The lack of access to affordable and quality health and educational facilities leads to economic impoverishment and lowers the potential human capabilities. Economic development needs to be inclusive by involving all sections of society, the deprived and marginalized groups like women and children, scheduled tribes, scheduled castes, differently abled and senior citizens. Population projections indicate that in 2020 the average age of India's population is expected to be the lowest in the world and the bulk of this population will be added to the younger age group as 'demographic dividend'. Additionally, skill gaps in various productive sectors in India are large and will require up-scaling of training and skill development to maximize the benefits of this demographic dividend and make India's development trajectory more inclusive and productive. Thus, India has to address the challenges of not just providing employment but of increasing the employability of the labour force which is correlated to knowledge and skills developed through quality education and training along with ensuring good quality of health.

Expenditure on social infrastructure: Expenditure on education as a percentage of GDP has hovered around 3 percent during the period 2008-09 to 2014-15. Similarly, there has not been any significant change in the expenditure on health as a percentage of GDP, which has remained stagnant at less than 2 percent during the same period. The increase in expenditure may not always be a guarantee for appropriate outcomes and achievements. The efficiency of expenses incurred so far can be assessed by the performance of various social indicators.

Progress in Education: Though India has made considerable progress in education over the years, there

still persist inequalities in access and achievements across regions and populations. As per ASER 2014, the trends in enrolment reflect a decline in the percentage of enrolment in government schools from 72.9 per cent in 2007 to 63.1 per cent in rural areas, while learning levels of the children in Class V who can read Class-II text declined during the same period. There has been perceptible improvement in the education of girls with gender parity index becoming favourable at all levels of school education, except for scheduled caste students in higher education and for scheduled tribe students at all levels of education, for which special efforts have to be made.

Employment and Unemployment: As per the fourth Annual Employment-Unemployment Survey conducted by the Labour Bureau during the period January, 2014 to July 2014, the Labour Force Participation Rate (LFPR) (usual principal status) is 52.5 for all persons. The LFPR of women is significantly lower than males in both rural and urban areas. The Worker Population Ratio (WPR) also reflects similar pattern. Female participation in the labour force and employment rates are affected by economic, social and cultural issues and unpaid work by women remain unaccounted for by the conventional employment surveys. A notable aspect of employment situation in India is the large share of informal employment and growth in informal employment in organized sector. The share of informal employment has remained above 90 per cent in total employment throughout the period 2004-05 to 2011-12. The informal sector has to be given due consideration to achieve the stated development objectives. In a major initiative for bringing compliance in the system, Central government and the State governments have initiated reforms in the labour markets.

Skill Development: At present there is preponderance of unskilled workers in India, mainly engaged in less productive informal sectors. According to the NSDC (National Skill Development Corporation) report, there is a severe quality gap and lack of availability of trainers in the vocational education and training sector. The skill gap within the vocational training sector including both teachers and non-teachers will be to the tune of 211 thousands by the 2017. The workforce requirement is projected to increase to 320 thousands by 2022. With employment slowing down, Government has to invest on bridging the skills gap in the vocational education and training sector to improve the employability of people. A multipronged policy approach to enable skills development including but not limited to initiatives such as setting up of SSCs (Sector Skill Councils), definition of Occupation Standards, definition of National Skills Qualification Framework (NSQF), funding initiatives such as STAR scheme are likely to create a widespread

positive impact on the skills ecosystem in India. Besides under the Pradhan Mantri Kaushal Vikas Yojana aiming to offer 24 lakh Indian youth meaningful, industry relevant, skill based training, 4.38 lakh persons have successfully completed training throughout India.

Health and Sanitation: There are innumerable challenges in the delivery of efficient health services in India given the paucity of resources and the plethora of requirements in the health sector. The Indian health sector has a mix of both public and private providers of health services. According to the Universal Health Coverage (UHC) index (World Bank) which is developed to measure the progress made in health sectors in select countries of the World, India ranks 143 among 190 countries in terms of per capita expenditure on health (\$146 PPP in 2011) while 157th position according to per capita government spending on health which is just about \$44 PPP.

Though, the India's mortality rate under five has declined from 126 in 1990 to 49 in 2013, much faster than global rate of decline during the same period, still immunization is one of the thrust areas of the child health programme of the Government to achieve Goal 4 of Millennium Development Goals (MDGs) of reducing the child mortality. With an aim to cover all those children by 2020 who are either unvaccinated, or are partially vaccinated against seven vaccine preventable diseases, the Mission Indradhanush was launched in December 2014 which covered 352 districts of the country so far.

Health is closely related to sanitation and hygienic environment. The progress in sanitation has witnessed a spurt since the launch of Swachh Bharat Mission. More than 122 lakh toilets have already been constructed in the rural areas since the beginning of Swachh Bharat Mission (Gramin). It is also imperative that the constructed toilets are maintained and utilised by the beneficiaries after the construction to reap the benefits of Swachh Bharat Mission. In order to improve availability of drinking water in rural areas, National Rural Drinking Water Programme (NRDWP) initiated a new project supported by World Bank-'Rural Water Supply and Sanitation Project-Low Income States'.

Poverty: The poverty estimates based on the Tendulkar Committee methodology using household consumption expenditure survey data collected by NSSO in its 68th round (2011-12) shows that the incidence of poverty declined from 37.2 per cent in 2004-05 to 21.9 percent in 2011-12 for the country as a whole, with a sharper decline in the number of rural poor. The high rural poverty can be attributed to lower farm incomes due to subsistence agriculture, lack of sustainable livelihoods in rural areas, impact of rise in prices of food products on

rural incomes, lack of skills, under employment and unemployment.

Technology for efficient delivery of services:

Technology will play a crucial role as an enabler for inclusiveness and provider of efficient services by preventing leakages. The Government has introduced the game-changing potential of technology-enabled Direct Benefits Transfers (DBT), viz. the JAM (Jan Dhan-Aadhaar-Mobile) Number Trinity solution, which offers possibilities to effectively target public resources to those who need it most, and include all those who have been deprived in multiple ways. The progress is already evident with overhauling of the subsidy regime and moving to Aadhaar-DBT. It is paving way for expenditure rationalization and is ensuring the removal of, so far undetected, fake and duplicate entities from the beneficiary lists, resulting in to substantial savings of public money for giving renewed focus on social welfare schemes.

2. Department of Expenditure

The Department of Expenditure is the nodal Department for overseeing the public financial management system in the Central Government and matters connected with State finances. The principal activities of the Department include pre-sanction appraisal of major schemes/projects (both Plan and non-Plan expenditure), handling bulk of the Central budgetary resources transferred to States, implementation of the recommendations of the Finance Commission and Central Pay Commission, overseeing the expenditure management in the Central Ministries/Departments through the interface with the Financial Advisors and the administration of the Financial Rules/Regulations/Orders, monitoring of Audit comments/observations, preparation of Central Government Accounts, managing the financial aspects of personnel management in the Central Government, assisting Central Ministries/Departments in controlling the costs and prices of public services, assisting organizational re-engineering through review of staffing patterns and O&M studies and reviewing systems and procedures to optimize outputs and outcomes of public expenditure. The Department coordinates all matters concerning the Ministry of Finance as a whole including Parliament-related work of the Ministry. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body.

The business allocated to the Department of Expenditure is carried out through its Establishment Division, Plan Finance-I and Plan Finance-II Divisions, Finance Commission Division, Public Procurement

Division, Direct Benefit Transfer Division, Staff Inspection Unit, Office of Chief Advisor Cost, Controller General of Accounts and the Central Pension Accounting office.

3. Department of Revenue

1. The Department of Revenue exercises control in respect of revenue matters relating to Direct and Indirect Union taxes. The Department is also entrusted with the administration and enforcement of regulatory measures provided in the enactments concerning Central Sales tax, Stamp duties and other relevant fiscal statutes. Control over production and disposal of opium and its products is vested in this Department.

2. The Department is also facilitating taxation reforms in the indirect taxes sector for goods and services in coordination with the States. These cover an extended ambit, encompassing the switch-over from erstwhile State Sales tax to Value Added tax, phasing-out of Central Sales tax, rationalization of Additional Excise duties on goods of special importance and eventual evolution of a frame work for dual Goods and Service tax.

3. Tax policies are formulated in order to mobilize financial resources for the nation, achieve sustained growth of the economy, macro-economic stability and promote social welfare by providing fiscal incentives for investments in the social sector. The underlying theme of the tax proposal for the Budget 2015-16 has been clarity in tax laws, a stable tax regime, a non- adversarial tax administration leading to widening and deepening of tax base and a fair mechanism for dispute resolution.

4. The Income Tax Offices throughout the country continued their drive against tax evaders. During the F.Y. 2015-16 (upto 30.11.2015), searches were conducted in 249 groups resulting in seizures of assets worth ₹469.71 crore and admission of undisclosed income of ₹6167.12 crore. During the same period, 1802 surveys conducted resulted in detection of undisclosed income of ₹3577.12 crore. Prosecutions were filed in criminal courts in 105 cases (upto September 2015) and 345 prosecutions were compounded. As regards assesseees, the number of new assesseees added during the F.Y. 2014-15 was 76.04 Lakh.

5. The Customs and Central Excise offices continued their drive vigorously against duty evasion. During the F.Y. 2015-16 (Jan. - Dec. 2015), 2304 cases of Central Excise duty evasion involving ₹5106.41 crore were detected. In respect of Service Tax 7050 cases were registered involving Service Tax evasion amount of ₹17435.15 crore. Similarly, 2989 cases were registered evading Customs duty during the F.Y. 2015-16 (Jan - Dec 2015) involving a duty recovery of ₹2237.47 crore. The drive against smuggling continues

unabated. All Commissionerates along the coast, land borders and in charge of international airports remain fully alert to prevent smuggling of contraband, both into and out of the country. As a result, during F.Y. 2015-16, 28588 outright smuggling cases were detected and contraband goods worth ₹9516.83 crore were seized.

4. Department of Disinvestment

The Department of Disinvestment was set up as a separate Department on 10th December 1999 and later renamed as Ministry of Disinvestment from 6th September 2001. From 27th May 2004, the Department of Disinvestment is one of the Departments under the Ministry of Finance.

5. Department of Financial Services

The Department of Financial Services (DFS) is mainly responsible for policy issues relating to Public Sector Banks (PSBs) and Financial Institutions including

their functioning, appointment of Chairman, Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs), legislative matters, international banking relations. Appointment of Governor/Deputy Governor of Reserve Bank of India, matters relating to National Bank for Agriculture and Rural Development (NABARD), Agriculture Finance Corporation, Co-operative Banks, Regional Rural Banks (RRBs) and Rural/Agriculture Credit. The Department also administers the Financial Inclusion programme of the Government, Social Security Schemes and other targeted schemes aimed at facilitating flow of credit. Matters relating to Insurance Sector and performance of Public Sector Insurance Companies, administration of various Insurance Acts. Matters relating to Insurance Regulatory & Development Authority of India (IRDAI). Matters relating to Pension Reforms including the New Pension System (NPS), legislative and other issues regarding the Pension Fund Regulatory and Development Authority (PFRDA) etc.

Department of Economic Affairs

1. Economic Division

1.1 The Economic Division tenders expert advice to the Government on important issues of economic policy.

1.2 The Division monitors economic developments, domestic and external, and advises on policy measures relating to macro management of the economy.

1.3 As part of its regular activities, the Economic Division brings out the Economic Survey annually, which is placed in the Parliament prior to the presentation of the Central Government Budget. The Economic Survey provides a comprehensive overview of important developments in the economy. It also analyses recent economic trends and provides an in-depth appraisal of policies. Over the years, the Economic Survey has acquired the status of an authoritative source and a useful compendium of the annual performance of the Indian economy. Further, the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the Ministry of Finance to review every quarter the trends in Receipts and Expenditure in relation to the Budget and place it before both Houses of Parliament. As part of this exercise, the Economic Division prepares the Mid-Year Economic Analysis in the second quarter of each year for placing it before Parliament. In addition, at the end of first quarter and third quarter a Macro-Economic backdrop statement is prepared and provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

1.4 The Division also brings out the Economic and the Functional Classification of the Central Government's Budget, which is circulated among the Hon'ble Members of Parliament. The publication presents an estimate of the savings of the Central Government and its departmental undertakings, gross capital formation and the magnitude of the development and consumption expenditure broken up under broad functional heads.

1.5 The Division also brings out every month an abstract entitled "Monthly Economic Report", which gives the latest available data on the key sectors of the economy. The Division prepares, from time to time briefs on the performance of the infrastructure sector, agriculture and industrial production, trends in tax collection, the balance of payments and the monetary situation. It also monitors the price situation on a weekly basis. In addition, the Division undertakes short term forecasting of key economic variables.

1.6 As part of its advisory functions, the Economic Division prepares analytical notes and background papers

on important policy issues and provides briefs for meetings of the Consultative Committees and Working Groups set up by the Government. The officers of the Economic Division participate in consultations with various missions from international institutions, such as International Monetary Fund (IMF), the World Bank and WTO etc. The Division works in close cooperation with the Reserve Bank of India, the Planning Commission, the Central Statistical Organisation, the Ministry of Commerce and Industry and the Economic and Statistical Wings of their Ministries. An international Seminar the 6th Delhi Economics Conclave-(2015) on "Realising India's JAM vision" was inaugurated by Hon'ble Prime on 6th November 2015 wherein researchers, policy makers, industry leaders, bankers and economists & academicians from India and abroad participated.

The work of the Economic Division is organized under the following units:

- BoP, Trade and External Debt
- Industry and Infrastructure
- Macro Indicators
- Agriculture and Food Management
- Financial Intermediation and Monetary Management
- Public Finance
- Prices
- Social Infrastructure, Human Capital and Development
- Services
- Climate Change Finance
- Coordination

1.2 Trade & BoP Unit

1.2.1 The Trade & BoP Unit is responsible for analyzing external sector developments and offering policy advice on related issues. The Unit monitors India's foreign trade and developments on BoP indicators closely through an institutional set-up of a special monitoring group comprising stakeholders in Ministry of Finance, other Ministries concerned and the Reserve Bank of India. The Unit tracks movements in the exchange rate of the rupee, monitors India's foreign exchange reserves and India's foreign trade. This Unit also monitors and analyses issues related to global developments and institutions like IMF, World Bank.

1.3 External Debt Management Unit (EDMU)

1.3.1 The External Debt Management Unit (EDMU) is involved in the collection, compilation and publication of Quarterly External Debt Statistics in compliance with Special Data Dissemination Standards (SDDS) of IMF and Quarterly External Debt Statistics (QEDS) of World Bank. The Unit also brings out an Annual Status Report on India's External Debt. The management information system on external debt management and coordination of Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) with the office of Controller of Aid, Audit and Accounts and the RBI is handled in the unit.

1.4 Industry & Infrastructure

1.4.1 Industry and Infrastructure Unit advises the Government on policy issues relating to Industry at both macro and sectoral levels. The unit monitors and reviews on a continuous basis industrial growth and investment, developments in the industrial sector, investment / financing of public sector, industrial relations and sickness. The Unit is also responsible for monitoring trends in production of core infrastructure industries. It undertakes analysis of developments in infrastructure policy, investment and financing and renders advice on infrastructure sector policy issues.

1.5 Macro Indicator

1.5.1 The Macro Unit is responsible for: (a) analyzing and monitoring India's macroeconomic parameters, (viz. gross domestic product, saving, investment, etc.); (b) country coordination for Special Data Dissemination Standard of the International Monetary Fund; (c) maintaining the National Summary Data Page on a routine basis (d) compilation of the Macroeconomic Framework Statement that forms part of the Union Budget and the Macroeconomic Backdrop for the FRBM (Fiscal Responsibility and Budget Management) statements that are laid in the Parliament every quarter; (e) some calculations and projections related to annual budget exercise; (f) drafting the portions of Economic Survey and Mid-year Economic Analysis related to macroeconomic parameters; (g) preparation of the Monthly Economic Report; (h) attending to requirements of inputs, briefs, speeches, Parliamentary references, etc. related to the state of economy.

1.6 Agriculture & Food Management

1.6.1 The Agriculture and Food Management Unit advises the Government on policy issues relating to Agriculture, Animal Husbandry and allied sectors, Food and Public Distribution and Food Processing. The Unit monitors and appraises on a continuous basis agricultural growth and investment, agricultural research, agricultural

production, progress of monsoon and reservoir storage of water resources, pricing of major Rabi and Kharif crops, agricultural credit and insurance. The Unit examines issues pertaining to development of dairy, poultry and fisheries as well as food processing sector and recommends policies. It is also responsible for issues related to Public Distribution System and food security, public procurement, buffer stock norms, Central Issue Price, Open Market Sales Scheme, storage and warehousing. The Unit critically examines proposals related to the agricultural and allied sector, food management and food processing, analyses recent developments and suggests appropriate policy directions.

1.7 Financial Intermediation and Monetary Management

1.7.1 The Money Unit is responsible for monitoring of money market trends, developments in monetary policy of the Reserve Bank of India, and aggregate trends in credit flows. It analyses movements in monetary parameters and also of yields on G-Sec/ Treasury bills, call money rates and Liquidity Adjustment Facility (LAF) operations. The Unit also tracks developments in banking and financial markets, including the primary and secondary markets and derivative market.

1.8 Public Finance

1.8.1 The Public Finance Unit deals with matters relating to public finance and budgetary operations of the Central Government. It is responsible for the publication of Economic and Functional Classification of Central Government Budget, Indian Public Finance Statistics which includes budgetary transactions of Centre, State and Union Territories. The unit monitors Central fiscal parameters, such as, fiscal deficits, revenue deficits, and analyses policies relating to central plan outlays, resources and expenditure. The unit also undertakes review of fiscal position and analysis of fiscal issues including those relating to tax measures.

1.9 Prices

1.9.1 The Price unit is responsible for monitoring and maintaining database on WPI, CPI & International Commodity prices and gives policy advice on price related matters.

1.10 Social Infrastructure, Human Capital and Development

1.10.1 The Social Infrastructure, Human Capital and Development Unit prepares analytical notes on poverty, employment, rural development and other topics on the issues like health, education, employment including labour market etc. The unit also advises the Government on specific policy issues in social infrastructure, human capital and development.

1.11 Services Sector

1.11.1 Services sector unit deals with the issues related to services sector in Indian Economy. It monitors and analyses the performance of India's Services Sector including services trade on an ongoing basis. This unit also prepares comments on notes related to trade in services, WTO, negotiation in services, etc. for Department of Commerce.

1.12 Climate Change

1.12.1 Climate Change Finance Unit serves as the nodal point on all financing matters related to climate change in the Ministry of Finance. It helps shape the firming up of India's stand on financing issues related to climate change and sustainable development in fora like United Nations Framework Convention on Climate Change, G20, Rio+20. It is vested with the task of preparing submissions on behalf of India as well as assessing submissions of other member countries in these fora. The Unit provides inputs on an ongoing basis to Ministry of Environment, Forests and climate change on issues related to National Action Plan on Climate Change and in the capacity development efforts on emerging issues like green growth, innovative financing options for sustainable development by preparing positions papers and analysis of technical issues and policy options.

1.13 Coordination

1.13.1 Coordination Unit is responsible for organizing the pre-budget consultations of Finance Minister with different stakeholder groups like Agriculture Sector, Social Sector related Group, Industry and Trade Sector, Trade Unions, Banking and Financial Institutions, Economists and IT(Software & Hardware). The Unit is also responsible for Organizing Delhi Economics Conclave (DEC). The Administrative and coordination work for production and submission of Economic Survey and Mid Year Economic Analysis to the Parliament are also done by this unit. Inputs/material for Finance Minister's Speeches on different occasions and for Annual/Spring Meetings of the World Bank & IMF, ADB and Credit Rating Agencies; briefs for Economic Editor's meet, Consultative Committee meetings and Parliamentary Standing Committee meetings are collected and put together by this unit. Apart from these the unit is involved in the all administrative and Parliament related matters.

2. Budget Division

2.1 Budget Division is responsible for the preparation of and submission, to Parliament, the Annual Budget (Excluding Railways) as well as Supplementary and Excess Demands for Grants of the Central Government

and of States under President's Rule. The Division is also responsible for dealing with issues relating to Public Debt, Market Loans of the Central Government and State Government's borrowing and lending, guarantees given by the Government of India and the Contingency Fund of India. The responsibility of the Division also extends to regulate the flow of expenditure by processing proposals from other Ministries/Departments for re-appropriation of savings in a Grant where prior approval of the Ministry of Finance is required. The Division also deals with National Savings Institute (NSI), Small Savings Schemes and National Defence Fund. The work relating to Treasurer, Charitable Endowment is also handled in the Budget Division.

2.2 This Division also deals with matters relating to Duties, Powers and Conditions of Service of the Comptroller and Auditor General of India and submission of the Reports of the Comptroller and Auditor General of India relating to the accounts of the Union to the President for being laid before Parliament. From 1st January, 2015 to 31st December, 2015, 40 Reports of the C&AG of India were laid before the Parliament and 22 entrustments/re-entrustments of audit of various bodies to the C&AG of India were dealt by this Division.

2.3 The Budget Division is also responsible for administration of "Fiscal Responsibility and Budget Management Act, 2003" which was brought into force w.e.f. 5th July, 2004. The Rules made under the Act were also made effective from that date. Quarterly Reviews including Mid-term Review were presented in Parliament in accordance with the requirements of the FRBM Act.

2.4 Budget Division also oversees/facilitates the implementation of 'Gender Budgeting' in various Ministries/Departments.

2.5 The work relating to form of Accounts kept under Article 150 of the Constitution of India is also handled in this Division. Advice on the classification of Government receipts and expenditure and on the accounting procedure drawn up for implementation of new schemes of the Government is also rendered

2.6 Supplementary Demands:

2.6.1 Supplementary Demands Section is concerned with the coordination and presentation of Supplementary Demands for Grants and Demands for Excess Grants and the connected Parliamentary work. Other activities of the Section relate to administration of the Contingency Fund of India Act.

2.6.2. This Section is also concerned with the overall policy related to Central Government Guarantees/ Guarantee Fees and Estimates of Loan Repayments and Interest Payments in respect of Public Sector Units/ Financial Institutions.

Responsibilities:

- Supplementary Demands for Grants.
- Demands for Excess Grants.
- Central Government Guarantees/Guarantee Fees.
- Estimates of Loan Repayments and Interest Payments in respect of Public Sector Units/ Financial Institutions.
- Administration of the Contingency Fund of India Act and Rules

2.7 National Small Savings:

2.7.1. Small Savings Scheme:

The Small Savings Schemes currently in force are: Post Office Savings Account, Post Office Time Deposits (1,2,3 & 5 years), Post Office Recurring Deposits, Post Office Monthly Account, Senior Citizens Savings Scheme, National Savings Certificate (VIII-Issue), Public Provident Fund, Kisan Vikas Patra and Sukanya Samriddhi Account.

2.7.2. Small Savings Collections:

The gross deposits under various small savings schemes during 2015-16 (upto December, 2015) were ₹ 283614.96 crore as against the deposit of ₹ 199483.69

crore during the same period last year. An amount of ₹58749.95 crore has been transferred as share of net small savings collections to the States and Union Territories (with legislature) during the current fiscal, as against the sum of ₹48128.29 crore transferred last year.

2.7.3. National Small Savings Fund:

In order to account for all the monetary transactions under small savings schemes of the Central Government under one umbrella, "National Small Savings Fund" (NSSF) was set up in the Public Account of India w.e.f. 1st April, 1999. The net accretions under the small savings schemes are invested in the special securities of various States/Union Territories (with legislature)/ Central Governments. The minimum obligation of States to borrow from the National Small Savings Fund (NSSF) was brought down to 50 percent of net collections w.e.f. 1st April, 2012.

2.7.4. Interest Rates on Small Savings Instruments

- The rate of interest on small savings schemes has been aligned with G-Sec rates of similar maturity.
- The rate of interest on various small savings schemes for current financial year on the basis of the interest compounding/payment built in the schemes, is shown in table below:

Instrument	Rate of interest % After 1.4.2014	Rate of interest % After 1.4.2015	Rate of interest % After 1.4.2016 (for first quarter of FY 2016-17)
Savings Deposit	4.0	4.0	4.0
1 Year Time Deposit	8.4	8.4	7.1
2 Year Time Deposit	8.4	8.4	7.2
3 Year Time Deposit	8.4	8.4	7.4
5Year Time Deposit	8.5	8.5	7.9
5 Year Recurring Deposit	8.4	8.4	7.4
5 Year SCSS	9.2	9.3	8.6
5 Year MIS	8.4	8.4	7.8
5 Year NSC	8.5	8.5	8.1
PPF	8.7	8.7	8.1
Sukanya Samriddhi Account	9.1	9.2	8.6
Kisan Vikas Patra	8.7	8.7	7.8 (will mature in 110 months)

2.8 Government Borrowing

2.8.1 The Central Government's normal borrowing through issue of dated securities for financing the fiscal deficit was budgeted in BE 2015-16 at ₹6,00,000 crore (Gross) and ₹4,56,405 crore (net).

2.8.2 During the year, Government continued with the policy of announcement of half yearly indicative market borrowing calendar based on its core borrowing requirements.

2.8.3 During the financial year 2015-16, Government has curtailed gross borrowing by ₹15,000 crore (approx) Government dated securities.

2.8.4 The weighted average yield and maturity of dated securities issued during 2015-16 (April 2015 to March, 2016) were 7.88% and 15.99 years respectively, as compared to 8.51% and 14.66 years in the corresponding period of the financial year 2014-15

2.8.5 Detailed analysis of existing debt and liabilities of the government is brought out in the annual debt papers, published during 2011-12, 2013-14, 2014-15 and 2015-16 (These are available in www.finmin.nic.in).

2.9 Fiscal Responsibility and Budget Management (FRBM) Cell:

2.9.1 Administration of Fiscal Responsibility and Budget Management Act (FRBM), 2003 and the Rules framed thereunder is the prime function of the FRBM Cell. The FRBM Act provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by achieving sufficient revenue surplus and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto.

2.9.2 During the period from January 1, 2015 to December, 31 2015, in compliance with the relevant provisions of the FRBM Act and Rules framed thereunder the following documents were prepared by the FRBM Cell and presented in the Parliament.

1) Statements of fiscal policy such as

a) Medium-Term Fiscal Policy Statement 2015-16 b) Fiscal Policy Strategy Statement 2015-16 c) Macro-Economic Framework Statement 2015-16	}	Presented along with the General Budget 2015-16

2) Disclosure statements such as-

a) Tax Revenues raised but not realised. b) Arrears of Non-Tax Revenues. c) Asset Register.	}	Presented as a part of Receipts Budget 2015-16

3) Quarterly Statements on Review of the trends in receipts and expenditure in relation to the budget at the end of-

- (a) Third Quarter of the financial year 2014-15
- (b) Fourth Quarter of the financial year 2014-15
- (c) First Quarter of the financial year 2015-16
- (d) Second Quarter of the financial year 2015-16 (Presented to Parliament as a part of Mid-year Economic Analysis 2015-16)

4) Medium Term Expenditure Framework (MTEF) Statement for the year 2015-16.

2.9.3 Fiscal position in FY 2014-15 and fiscal targets for FY 2015-16 is as below:

	(% of GDP)		
Fiscal Indicator/ Year	2014-15 (Actuals)	BE 2015-16	RE 2015-16
Fiscal Deficit	4.1	3.9	3.9
Revenue Deficit	2.9	2.8	2.5
Effective Revenue Deficit	1.9	2.0	1.5
Total outstanding liabilities at the end of the year*	47.0	46.1	47.6

Note : GDP at current prices, 2011-12 series.

* "Total outstanding liabilities" include external public debt at current exchange rate. Liabilities do not include part of NSSF and total MSS liabilities which are not used for Central Government deficit.

2.10 Public Debt

2.10.1 With the objective to improve the Cash Management System in the Central Government, a modified cash management system, including exchequer control based expenditure management system was introduced in respect of 15 Demands for Grants in Central Government w.e.f. April 1, 2006 vide this Ministry's O.M.

No.21(1)-PD/2005 dated January 10, 2006. The system was later extended to 23 & 46 Demands for Grants w.e.f. April 1, 2007 and April 1, 2012. It has now been made applicable to all the Demands for Grants of the Union Government vide this Ministry's O.M. No.21(1)-B(PD)/2014 dated July 22, 2015. As per the guidelines of the system all the Demands for Grants are required to prepare and send their Monthly Expenditure Plans (MEP) and Quarterly Expenditure Allocations (QEA) to Cash Management Cell for better monitoring and compliance of the guidelines of the Ministry of Finance regarding expenditure management. The guidelines also provide that the expenditure in the last quarter of the financial year may not exceed 33 per cent and MEP for the month of March may not exceed 15% of Budget Estimate.

2.11 Debt Management Office

2.11.1 The Government set up a Middle Office (MO) in the Department of Economic Affairs consequent upon the announcement to establish an independent debt management office (Union Budget 2007-08). The major focus of Middle Office is on skill building and developing expertise required for a fully functional debt management office. The major functions of the Middle Office included works related to draft legislation of the Public Debt Management Agency of India, developing debt management strategy, issuance calendars for Government securities, forecasting cash and borrowing requirements, developing and disseminating debt related information, etc.

2.11.2 The Middle Office publishes regular debt statistics on Central Government Debt and a Quarterly Report on Public Debt Management. It also brings out an annual Status Paper on Government Debt. Starting 2013-14 (November, 2013), a Handbook of Statistics on Central Government Debt is also being published. The Second Edition of the Handbook was released in November, 2015. The fifth edition of the status paper was published in January 2016. Government of India, in consultation with RBI, in December 2015, placed in public domain Debt Management Strategy for a period of three years (2015-16 to 2017-18). The strategy document contains the objectives, risk analysis of Government borrowings and strategy to be followed.

2.12 Hindi Branch

2.12.1 All Budget documents are presented to Parliament in Hindi and English. Besides Budget documents, Hindi Branch has also prepared Hindi versions of Supplementary Demands, Economic Classification Report, Reports on Public Statics and Status Report of External Debt, Mid-year Economic

Analysis FRBM Question Reports which were laid before the Parliament.

2.12.2 The translation of other documents as envisaged in the Official Language Act, 1963 and Rules made there under was also undertaken by the Hindi Branch during the year under report. These include agreements with Foreign Governments and International Agencies, Cabinet Notes, Parliament questions/assurances, notifications, Standing Committee papers, monthly summary for the Cabinet, Official letters and External Assistance Report etc.

3. Financial Markets Division

3.1 Primary Markets

3.1.1 *Simplified Framework for Capital Raising by technological start-ups and other companies on Institutional Trading Platform*

3.1.1.1 SEBI undertook a review of the extant regulatory framework in the primary market and noted the suggestions of market participants on making the existing avenues for capital raising amenable for accommodating a larger number of start-up companies.

3.1.1.2 Based on the same, the SEBI approved the following proposals to amend the regulations concerning the Institutional Trading Platform (ITP):

- i. The platform shall now be called as Institutional Trading Platform (ITP) and shall facilitate capital raising as well.
- ii. The said platform will be made accessible to: a) companies which are intensive in their use of technology, information technology, intellectual property, data analytics, bio-technology, nano-technology to provide products, services or business platforms with substantial value addition and with at least 25% of the pre-issue capital being held by QIBs (as defined in SEBI [(Issue of Capital and Disclosure Requirements) ICDR] Regulations, 2009), or b). any other company in which at least 50% of the pre-issue capital is held by QIBs.
- iii. No person (individually or collectively with persons acting in concert) in such a company shall hold 25% or more of the post-issue share capital.

- iv. Considering the nature of business of companies which may list on the said platform, disclosure may contain only broad objects of the issue and there shall be no cap on amount raised for General Corporate Purposes. Further, the lock in of the entire pre-issue capital shall be for a period of 6 months from the date of allotment uniformly for all shareholders.
- v. As the standard valuation parameters such as P/E, EPS, etc. may not be relevant in case of many of such companies, the basis of issue price may include other disclosures, except projections, as deemed fit by the issuers.
- vi. Companies intending to list on the proposed ITP, shall be required to file draft offer document with SEBI for observations, as provided in SEBI (ICDR) Regulations, 2009.
- vii. Only two categories of investors, i.e. (i) Institutional Investors (QIB as defined in SEBI (ICDR) Regulations, 2009 along with family trusts, systematically important Non-bank financial companies (NBFCs) registered with RBI and the intermediaries registered with SEBI, all with net-worth of more than ₹500 crore) and (ii) Non-Institutional Investors (NIIs) other than retail individual investors can access the proposed ITP.
- viii. In case of public offer, allotment to institutional investors may be on a discretionary basis whereas to NIIs it shall be on proportionate basis. Allocation between the said two categories shall be in the ratio of 75% and 25%, respectively.
- ix. In case of discretionary allotment to institutional investors, no institutional investor shall be allotted more than 10% of the issue size. All shares allotted on discretionary basis shall be locked-in in line with requirements for lockin by Anchor Investors i.e. 30 days at present.
- x. The minimum application size in case of such issues shall be ₹10 lakhs and the minimum trading lot shall be of ₹10 lakhs.
- xi. The number of allottees in case of a public offer shall be 200 or more.
- xii. The company will have the option to migrate to main board after 3 years subject to compliance with eligibility requirements of the stock exchanges.
- xiii. For Category I and II Alternative Investment

Funds (AIFs), which are required under the SEBI (Alternative Investment Funds) Regulations, 2012 to invest a certain minimum amount in unlisted securities, investment in shares of companies listed on this platform may be treated as investment in 'unlisted securities' for the purpose of calculation of the investment limits.

3.1.2 Streamlining the Process of Public Issues:

3.1.2.1 In order to reduce the post-issue timeline for listing from existing T+12 days to T+6 days, increase the reach of retail investors and reduce the costs involved in public issue of equity shares and convertibles, SEBI took the following decisions:

- i. Presently more than 99.5 % applications are received from centres where Applications Supported by Blocked Amount (ASBA) facility is available. Based on an analysis of a few public issues, in terms of amount, ASBA applications account for 99.90% of the total bid amount received from all investors. Considering the reach and advantages of ASBA, it shall now be mandatory for all investors to make ASBA applications. Amongst many other significant advantages, ASBA enables investors to give the mandate for payment of application money in the application form itself without suffering loss of interest for the intervening period. It also obviates the hassle of refund of money by the issuer as per the difference in application amount and the amount for which shares are finally allotted.
- ii. In order to substantially enhance the points for submission of applications, Registrar and Share Transfer Agents (RTAs) and Depository Participants (DPs) shall also be allowed to accept application forms (both physical as well as online) and make bids on the stock exchange platform. This will be over and above the stock brokers and banks where such facilities are presently available.
- iii. To help intermediaries and banks to modify their existing systems and train their staff and also enable the investors to adapt to the new system, there will be a phase-in period of 6 months. Accordingly, a public issue which opens on or after January 01, 2016 will have to follow the new system.

3.1.3 Anchor investors in public issues

3.1.3.1 SEBI has approved the removal of current restriction on the maximum number of anchor investors (currently 25) for anchor allocation of above ₹250 crore public issue. While the requirement of number of anchor investors for allocation of upto ₹250 crore remains the same i.e. 15 anchor investors, in case of allocation beyond ₹250 crore there can be 10 additional investors for every additional allocation of ₹250 crore, subject to minimum allotment of ₹5 crore per anchor investor.

3.1.4 Tax pass through for (Alternative Investment Fund) category I and II

3.1.4.1 Under the SEBI (Alternative Investment Fund) Regulations, 2012 Alternative Investment Funds (AIFs) have been classified under three separate categories as Category I, II and III AIFs. Category I AIFs are funds that invest in start-up or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the Government or regulators consider as socially or economically desirable. Category II AIFs are funds including private equity funds or debt funds which do not fall in Category I and III and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements. In the Union Budget 2015-16, tax pass through has been provided for AIF Category I and Category II.

3.1.5 Corporate Bond Market Developments

3.1.5.1 In context of Indian Economy, a vibrant Debt Market will help in channelizing the flow of capital towards the areas where it is required most i.e. investments in infrastructure sector which has long gestation periods. Further in a bank dominated financial system providing an alternate source of financing through debt markets is crucial.

3.1.6 Resource Mobilization by Mutual Funds and Initial Public Offer (IPO) during 2015

3.1.6.1 Till December 2015, Mutual Funds (MFs) mobilised ₹1, 61,696 crore. Public sector MFs and Private sector MFs mobilised ₹43,838 crore and ₹1,17,858 crore respectively. The market value of asset under management stood at ₹12,74,835 crore as on December 31, 2015 compared to ₹10,82,757 crore as on March 31, 2015, indicating an increase by 17.8 percent.

Trends in Resource Mobilization (net) by MFs (₹ crore)

Sector	2013-14	2014-15	Till Dec 2015
1. Public	4,644	-413	43, 838
2. Private	49,138	1,03,700	1, 17,858
Total (1+2)	53,782	1,03,287	1, 61,696

Source: SEBI

Resource mobilization through the primary market (₹ crore)

Mode	2012-13	2013-14	2014-15	2015-16 (Till December 2015)
1. Debt	16,982	42,383	9,713	30,421
2. Equity	15,473	13,269	9,789	20,889
of which IPOs	6,528	1,236	3,039	12,258
Number of IPOs	33	38	46	50
3. Private Placement	3,61,462	2,76,054	4,04,137	3,41,420
Total (1+2+3)	3,93,917	3,31,706	4,23,639	3,92,730

Source: SEBI

3.1.7 Financial Literacy:

3.1.7.1 National Strategy for Financial Education:

3.1.7.1.1 The process of drafting a National Strategy for Financial Education was initiated by SEBI under the aegis of Financial Stability and Development Council (FSDC) in FY 2011-12. With a vision of 'a financially aware and empowered India', National Strategy for Financial Education had been finalized under which various activities have been undertaken.

3.1.7.1.2 The national level exam for school students, National Financial Literacy Assessment Test (NFLAT) had been conducted consecutively for the second year under the aegis of National Centre for Financial Education (NCFE), a part of National Institute of Securities Markets (NISM). The NFLAT for the year 2014-2015 was held on December 6-7, 2014 and around a lakh students from all over the country appeared for the test held at more than 250 test centers across the country. Further, the NFLAT for the year 2015-2016 was held on November 28-29, 2015 and the result would be declared December 16, 2015.

3.1.7.1.3 The portal of NCFE (www.ncfeindia.org) contains information on various aspects of financial market including banking, pension, insurance and securities market. The content inputs are being provided by various regulators including SEBI and the website is being updated with videos, audio and other material.

3.2. Secondary Markets

3.2.1 Indian markets performance (Jan 2015 – Dec 2015)

3.2.1.1 Indian benchmark indices reached historic high

levels on 29th January, 2015 (For BSE-Sensex as it touched 29681.77) and on 3rd March, 2015 (Nifty touched 8,996.25). However, after scaling historic high levels, there has been some correction in the later months of 2015. The indices closed at 26,117.54 (Sensex) and at 7,946.35 (Nifty) on 31st December, 2015. Indian markets have recorded a negative growth of over 5% (Sensex down by 5.03% and Nifty down by 4.06%) till 31st December, 2015 (as compared to levels on December 31, 2014). Among the major world indices, Straits Times Index registered highest percentage change of (-) 14.34% during the calendar year 2015.

Table 1: Performance of Major Markets in the World (level and percentage change)

Index	Last Trading Day of 2013	Last Trading Day of 2014	Last Trading Day of 2015	% change in 2015 over 2014
S&P BSE SENSEX	21170.68	27,499.42	26117.54	-5.03
NSE CNX NIFTY	6304	8282.7	7946.35	-4.06
S&P 500	1848.36	2058.9	2043.94	-0.73
DAX	9552.16	9805.55	10743.01	9.56
FTSE 100	6749.09	6566.09	6242.32	-4.93
NIKKEI 225	16291.31	17450.77	19033.71	9.07
HANG SENG	23306.39	23605.04	21914.4	-7.16
BRAZIL IBOVESPA	51507.16	50007.41	43349.96	-13.31
KOSPI	2011.34	1915.59	1961.31	2.39
DOW JONES INDUS. AVG	16576.66	17823.07	17425.03	-2.23
Straits Times STI	3167.43	3365.15	2882.73	-14.34
SHANGHAI SE	2115.98	3234.68	3539.18	9.41
CAC 40	4295.95	4272.75	4637.06	8.53

Source: Bloomberg, WSJ

3.2.1.2 Since the secondary market is a barometer of the country's financial health, global and domestic factors have a sizable impact on the Indian markets performance.

Market sentiments in India during the calendar year were affected by FPI flows in the Indian markets and pertinent economic data releases. The total net FII flows during 2015 stood at US \$ 10.6 billion.

Table 2

Net FPI/FII Investment in India in 2008-2015 (calendar year wise) (in US \$ Billion)

Segments	2008	2009	2010	2011	2012	2013	2014	2015
Equity	-12.0	16.9	29.4	-0.4	24.4	20.1	16.1	3.2
Debt	2.6	1.6	10.1	8.7	6.6	-8.0	26.2	7.4
Total	-9.3	18.5	39.5	8.3	31.0	12.1	42.4	10.6

Source: SEBI, NSDL

3.3. External Markets

3.3.1 *Investment by Foreign Portfolio Investors (FPI) in Government Securities*

3.3.1.1 With the objective of having a more predictable regime for investment by the foreign portfolio investors (FPI), the medium term framework (MTF) for FPI limits in debt securities has been set out. The limits for FPI investment in debt securities will henceforth be announced/ fixed in rupee terms. The limits for FPI investment in the central government securities will be increased in phases to 5 per cent of the outstanding stock by March 2018. In aggregate terms, this is expected to open up room for additional investment of ₹1,200 billion in the limit for central government securities by March 2018 over and above the existing limit of ₹1,535 billion for all government securities (G-sec). The existing requirement of investments being made in G-sec with a minimum residual maturity of three years will continue to apply to all categories of FPIs. Aggregate FPI investments in any Central Government security would be capped at 20% of the outstanding stock of the security.

3.3.2 *Framework for overseas issuance of Rupee denominated bonds*

3.3.2.1 In order to facilitate Rupee denominated borrowing from overseas, it has been decided to put in place a framework for issuance of Rupee denominated bonds overseas within the overarching External Commercial Borrowings policy. Any corporate body, including REITS and InvITs, are eligible to issue Rupee denominated bonds overseas and any investor from a FATF compliant jurisdiction is eligible to invest. Only plain vanilla bonds issued in FATF compliant financial centres will be the eligible instrument. The minimum maturity period of these bonds will be 5 years and the all-in-cost of such borrowings should be commensurate with prevailing market conditions. There will be no end-use restrictions except for a negative list which includes investment in real estate and capital markets. Withholding tax of 5% will be applicable on interest income from these bonds and the capital gains arising in case of appreciation of rupee would be exempted from tax.

3.3.3 *New External Commercial Borrowings Framework*

3.3.3.1 RBI in consultation with Ministry of Finance has

reviewed and finally released a new, liberal and revised External Commercial Borrowing (ECB) Framework which has come into effect from December 2, 2015. The new ECB framework is more attuned to the current economic and business environment and is also a more simplified and streamlined. From regulatory perspective, three main clear-cut categories/tracks have been created which include

Track-I- Medium-term foreign currency denominated ECB (with minimum average maturity of 3/5 years),

Track-II- Long-term foreign currency denominated ECB (with minimum average maturity of 10 years)

Track-III- Indian Rupee denominated ECB (with minimum average maturity of 3/5 years).

The new framework has an expanded list of recognized lenders comprising overseas regulated financial institutions, Sovereign Wealth Funds, Pension Funds, Insurance Companies, etc. and has an exhaustive list of permissible end-uses with only a small negative list for long-term foreign currency denominated ECB and INR denominated ECB.

3.4 International Cooperation Division

3.4.1 *Sovereign Credit Rating*

3.4.1.1 The following six international Sovereign Credit Rating Agencies (SCRAs) do Sovereign Credit Rating for India:

- Standard and Poor's (S&P)
- Moody's Investors Service
- Fitch Ratings
- Dominion Bond Rating Service (DBRS)
- Japanese Credit Rating Agency (JCRA)
- Rating and Investment Information, Japan (R&I)

3.4.1.2 These agencies usually visit DEA every year for conducting their annual sovereign credit rating review wherein a meeting takes places. Indian side is usually headed by Secretary-DEA/CEA and attended by senior officers of various Departments/ Divisions to answer queries of the agency. The latest sovereign ratings issued by these agencies are given below:

Rating Agency	Date of affirmation of ratings	Foreign Currency		Local Currency	
		Ratings	Outlook	Ratings	Outlook
Moody's	08.04.2015	Baa3	Positive (revised from Stable)	Baa3	Positive (revised from Stable)
Fitch	07.12.2015	BBB- (LT) F3 (ST)	Stable	BBB-	Stable
S&P	19.10.2015	BBB- (LT) A-3 (ST)	Stable	No ratings were given for local currency	
JCRA	12.02.2015	BBB+	Stable (revised from Negative)	BBB+	Stable (revised from Negative)
R&I	13.3.2015	BBB (LT) A-2 (ST)	Stable	No ratings were given for local currency	
DBRS	3.11.2015	BBB (LT) R-2 High (upgraded from BBB low)	Stable for both LT & ST	BBB (LT) R-2 High (upgraded from BBB low)	Stable for both LT & ST

LT-Long Term, ST-Short Term

3.4.1.3 The Government has taken a number of steps with a view to improve our sovereign credit ratings. These include measures taken to improve the level and structure for the interaction between the Government and the major Sovereign Credit Rating Agencies. During the interactive meetings, Government presents its perspective to SCRA's about the strengths of the Indian economy and recent initiatives taken by it. We encourage SCRA's to also consider the long-term credit strengths of the Indian economy in a holistic manner, and, in view of such strengths, consider upgrading the rating of India's sovereign debt. As a result, we have been able to secure upgrades in rating/outlook from S&P, Fitch, DBRS and Moody's during the past two years.

various schemes of erstwhile UTI, as per the provisions of UTI Repeal Act, 2002. SUUTI is managed by an Administrator, appointed by the Central Government.

3.5.3. The Cabinet on 5.12.2014 approved the introduction of the Indian Trust Amendment Bill, 2014 to amend to the Sections 20 and 20A of the Indian Trust Act, 1882 to enable Government to notify securities or class of securities as eligible for investment by trust, delete references to obsolete clauses and to provide the trustees greater autonomy and flexibility to take decisions on investment of trust money. The Indian Trust Amendment Bill, 2015 was passed by Lok Sabha on 9th December, 2015 and is now pending in the Rajya Sabha.

3.5 UTI & JPC

3.5.1 UTI Section under the Financial Market Division deals with the followings:

- (i) UTI Repeal Act, 2002
- (ii) Specified Undertaking of Unit Trust of India, SUUTI
- (iii) Indian Trusts Act, 1882 (Section 20)

3.5.2 Specified Undertaking of Unit Trust of India (SUUTI) has been created under the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002. Since then SUUTI has been managing assets and liabilities of

3.6 Securities Appellate Tribunal (SAT)

3.6.1 Securities Appellate Tribunal was established under Section 15K of the Securities and Exchange Board of India Act, 1992, to exercise the jurisdiction, powers and authority conferred on the Tribunal by or under the SEBI Act, 1992 or any other law for the time being in force. By Notifications dated May 27, 2014 and March 23, 2015 respectively, the scope and ambit of the jurisdiction of SAT has been widened to include appeals against orders passed by the authorities under PFRDA and IRDA respectively.

3.6.2 SAT comprises of one Presiding officer (who has been a sitting/retired Judge of the Supreme Court or a sitting/retired Chief Justice of a High Court; or a sitting or retired Judge of a High Court who has completed not less than 7 years of service as a Judge of a High Court)

and two Members who are having ability, integrity and standing and shown capacity in dealing with problems relating to securities market and has qualification and experience of corporate law, securities law, finance, economics or accountancy. They are appointed by the Central Govt. for a term of five years and are eligible for re-appointment, subject to Presiding Officer not exceeding age of 68 years and Members the age of 62 years.

3.6.3 SAT is not bound by procedure laid down by Code of Civil Procedure but are guided by principles of natural justice and has powers to regulate its own procedure, including the places at which it shall have its sittings.

3.6.4 Appellant may appear in person or authorize chartered accountants, company secretaries, cost accountants and legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal.

3.6.5 Civil Courts do not have jurisdiction to entertain any suit or proceeding in respect of any matter which SAT is empowered to determine and no injunction can be granted by any court or any other authority, in respect of any action taken or to be taken, in pursuance to any power conferred upon SAT under the SEBI Act. Any person aggrieved by any decision/order of SAT may file

an appeal to Supreme Court. SAT is empowered to review its own decisions.

3.6.6 SAT started functioning in 1997 as a single member Tribunal and thereafter was reconstituted as three members Tribunal in 2003.

Mostly cases of following regulations are of SEBI filed before SAT :

- Issue of Capital and Disclosure Requirements.
- Collective Investment Schemes
- Euro Issues and other Guidelines
- Prohibition of insider Trading
- Intermediaries
- Merchant Bankers
- Stock Brokers/Sub-brokers and Stock Exchanges
- Takeover Regulations,
- Prohibition of Fraudulent and Unfair Trade Practices
- Venture Capital Funds

As on 31.12.2015, 613 appeals are pending before SAT and its breakup with time period wise is given as follows:-

Pendency of Cases									
Month & Year	Total Appeals Pending	Less than 3 Months	Over 3 Months	Over 6 months	Over 1 year	Over 2 Years	Over 11 Years	Disposal Total	New institution
December 2015	Pendency of Cases under SEBI Act, 1992								
	608	86+1	74	225	217	4	1*	24	44
	Pendency of Cases under IRDA Act, 1999								
	5	3	2	0	0	0	0	1	1

Note: *A. No. 56/2004 remanded by the Hon'ble Supreme Court on 24.11.2015.

3.7 Securities & Exchange Board of India (SEBI)

3.7.1 The Securities and Exchange Board of India (SEBI) was established under the Securities and Exchange Board of India Act, 1992 to regulate the securities markets in India. The objectives of the SEBI are to protect the interest of the investors and to regulate and promote development of securities markets in India.

The main functions of SEBI include registration, regulation and supervision of intermediaries operating in the securities market, promoting and regulating self-regulatory organizations, prohibiting fraudulent and unfair trade practices relating to securities markets, calling from or furnishing to other authorities, whether in India or abroad, such information as may be necessary for the efficient discharge of its functions.

3.7.2 On September 28, 2015 the Forwards Market Commission, the commodities market regulator, was merged with the Securities and Exchange Board of India.

The merger seeks to strengthen financial sector reforms to strengthen regulation of Commodities derivatives market and enable its development to its full potential.

3.7.3. SEBI in order to effect the merger, has amended Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) and SEBI (Stock Broker and Sub-Broker) Regulations, 1992 and SEBI (Regulatory Fee on Stock Exchanges) on September 09, 2015. These regulations would enable functioning of the commodities derivatives exchanges and its brokers under SEBI norms and integration of commodities derivatives and securities trading in an orderly manner.

3..7.1 Significant developments/policy decisions taken during the year 2015

3.7.1.1 During the calendar year 2015, SEBI implemented certain important reforms relating to primary market and also other regulations on delisting, takeover and buy-back. Details of the major initiatives are outlined below:

1. Relaxations for conversion of debt into equity under Strategic Debt Restructuring Scheme: The provisions related to preferential allotment in SEBI (ICDR) Regulations, 2009 and open offer requirements as per Takeover Regulations shall not apply to conversion of debt into equity by the consortium of banks and financial institutions, as part of the Strategic Debt Restructuring (SDR) scheme of RBI.

2. Fast Track Issuances - Follow on Public Offerings (FPO) and Rights Issues: In order to enable more number of listed companies to raise further capital using fast-track route, the minimum public shareholding requirement has been reduced from ₹3000 crore to ₹1000 crore in case of FPO and to ₹250 crore in case of rights issue.

3. Simplified framework for capital raising by technological start-ups and other companies on Institutional Trading Platform: SEBI introduced a rationalized framework for listing of companies including start-ups vide amendments carried out to the SEBI (ICDR) Regulations, 2009 on August 14, 2015. Various consequential amendments to other SEBI regulations pertaining to Takeover, Listing, Delisting and AIFs were also undertaken in this regard.

4. Rationalization of disclosures for ITP as well as main board: Further, in order to rationalize the disclosure requirements for all issuers whether intending to list on the main board or the proposed ITP, it has been decided that the disclosures in offer document with respect to group companies, litigations and creditors shall be in accordance with policy on materiality as defined by the

issuer. However, all relevant disclosures shall be available on the website of the issuer. Also, the product advertisements of an issuer will not be required to give details of public/rights issue.

5. Streamlining the Process of Public Issue of Equity Shares and Convertibles: In order to reduce the post-issue timeline for listing from existing T+12 days to T+6 days, increase the reach of retail investors and reduce the costs involved in public issue of equity shares and convertibles. ASBA applications were mandatory along with RTA's & DP's (to be accepted both physical & online format)

6. Revision in allocation to anchor investors in public issues: The restriction of maximum of 25 anchor investors for anchor allocation of above ₹250 crore in a public issue has been removed. While the requirement of number of anchor investors for allocation of up to ₹250 crore remains the same, in case of allocation beyond ₹250 crore there can be 10 additional investors for every additional allocation of ₹250 crore, subject to minimum allotment of ₹5 crore per anchor investor.

7. AIFs to invest in equity and equity linked instruments: SEBI allowed AIFs to invest in equity and equity linked instruments only of off-shore venture capital undertakings, which have an Indian connection, subject to overall limit of USD 500 million (combined limit for AIFs and Venture Capital Funds registered under the SEBI (Venture Capital Funds) Regulations, 1996). Such investments cannot exceed 25% of the investible funds of the scheme of the AIF.

8. Change in investment restrictions in Corporate Debt securities: With effect from February 03, 2015, FPIs are required to invest in Corporate Bonds having a minimum residual maturity of 3 years. FPIs have also been prohibited from investing in liquid and money market mutual fund schemes. Since Commercial Papers are short term instruments having maturities of less than 1 year, FPIs have also been prohibited from investing in Commercial Papers.

9. Change in investment conditions in Government debt securities: With effect from February 05, 2015, FPIs have been permitted to invest in Government securities, the coupons received on their investments in Government securities. Such investments shall be kept outside the applicable limit (currently USD 30 billion) for investments by FPIs in Government securities.

10. Clarification regarding grant of FPI registration to registered Foreign Venture Capital Investor (FVCI): SEBI clarified that FPI registration may be granted to entities already registered as FVCIs subject to compliance with the provisions of FPI Regulations, FVCI Regulations and the circulars etc. issued there-under from time to time.

11. Enhancement in debt limits for investment by FPIs: Limit for investment by FPIs in Central Government securities were increased to INR 129,900 cr. on October 12, 2015 from the existing limit of INR 124,432 cr. This limit has been further increased to INR 135,400 cr. on January 01, 2016. The incremental limits were made available to FPIs through auction mechanism over the stock exchanges platform. Limit for Long Term FPIs in Central Government securities were increased to INR 36,600 cr. from the existing limit of INR 29,137 cr. on October 12, 2015. This limit has been further increased to INR 44,100 cr. on January 01, 2016. The incremental limit was made available for investment by FPIs on tap. A separate additional limit was also created on October 12, 2015 for investment by all FPIs in State Development Loans (SDL). This limit has been further enhanced by an additional INR 3,500 cr. on January 01, 2016.

3.7.1.2 Amendment to Acts

3.7.1.2.1 Pursuant to the Finance Act, 2015, whereby it was decided to merge FMC with SEBI, amendments were made to Securities Contracts (Regulation) Act, 1956 and certain regulations framed by SEBI to facilitate the changes required for regulating the commodity derivatives market. The regulations which were amended are as under:

- i. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ('SECC Regulations').
- ii. SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992.
- iii. SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006.

3.7.1.2.1 Through these amendments, SEBI has revised regulatory fee on entities relating to stock exchanges and clearing corporations, stock brokers and sub-brokers in the commodity derivatives market. Under the new norms, a regional commodity derivatives exchange should pay to SEBI an annual regulatory fee of ₹50,000 within 30 days of conclusion of the relevant financial year.

3.7.1.2.2 In the case of national commodity derivatives exchanges, the net worth for a self-clearing member should be ₹1 crore and for a clearing member, the same should be ₹3 crore. The deposit amount in the case of national commodity derivative exchange would be ₹50 lakh for both self-clearing and clearing members. With regard to regional commodity derivatives exchanges, the net worth level and deposit amount for self-clearing and clearing members would be specified by SEBI from time to time. These new norms have come into force from September 28, 2015.

3.7.1.3 Following Regulations notified during 2015

3.7.1.3.1 Amendment to the SEBI (Issue and Listing of Debt Securities) Regulations, 2008

3.7.1.3.1.1 During January 2015, SEBI approved amendment to the (Issue and Listing of Debt Securities) Regulations, 2008 to include a clause on Consolidation and re-issuance of Debt Securities and Right to early redemption by ways of callable and puttable bonds. The enablement of consolidation and re-issuance is likely to avoid fragmentation of debt market with multiple issues and re-issuances can help in creation of large floating stocks which is needed to enhance market liquidity. While a puttable bond gives flexibility to the investors, a callable bond gives flexibility to the issuer. In a scenario of falling interest rates, the callable bond may provide benefit to the issuer as the issuer would like to take advantage of a lower interest regime and reduce his cost of debt. In the scenario of rising interest rates, the put table bond may provide benefit to the investors who would like to take advantage of a higher interest regime and make investment in new instruments.

3.7.1.3.2 Amendment to the SEBI (Public offer and Listing of Securitised Debt Instruments) Regulations, 2008.

3.7.1.3.2.1 SEBI (Public offer and Listing of Securitised Debt Instruments) Regulations, 2008 have been amended during April 2015. These amendments involve rationalizing and clarifying roles & responsibilities, terms of appointment, capital requirement and the code of conduct of a Securitisation Trustee. As per the amendment, the code of conduct, inter-alia, include fulfillment of obligations by the Securitisation Trustee/Special Purpose Distinct Entity (SPDE) in ethical manner, making appropriate disclosures to investors, non-indulgence in insider trading, having internal control procedures, good corporate governance etc.

3.7.1.3.3 Regulatory Framework Governing Municipal Borrowings in India through SEBI (Issue and listing of Debt Securities by Municipalities) Regulations, 2015

3.7.1.3.3.1 SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 have been notified on July 15, 2015, thereby providing a comprehensive regulatory framework for issuance and listing of debt securities by municipalities. These regulations will provide a regulatory framework, governing the issuance and listing of bonds by the Municipalities and will enable the investors to make an informed investment decision before investing in the municipal bonds. The regulations also prescribed disclosures to be made by the prospective issuers. The framework provides for public issuance of municipal bonds and also listing of privately placed municipal bonds.

3.7.1.3.3.2 Development of smart cities would entail substantial expenditure for creation of urban infrastructure such as water supply, sanitation, public health, roads transportation etc. One of the principal concerns for such development of smaller towns into smart cities would be the source of financing. This new framework provides another avenue to municipalities for financing infrastructure in smart cities.

3.7.1.3.4 Review of SEBI (Delisting of Equity Shares) Regulations, 2009

3.7.1.3.4.1 As a part of SEBI's constant endeavour to review the existing regulatory framework to align with the changing market realities, amendments to SEBI (Delisting of Equity Shares) Regulations, 2009 ('Delisting Regulations'), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Takeover Regulations') and SEBI (Buy-back of Securities) Regulations, 1998 ('Buy-back Regulations') have been notified on March 24, 2015.

3.7.1.3.5 Modified format for encumbrance related disclosure by the Promoter(s) under regulation 31 of Takeover Regulations

3.7.1.3.5.1 A field on 'reasons for encumbrance' was added to the aforesaid format of disclosure. For example, the reason may be for the purpose of collateral for loans taken by the company, personal borrowing, third party pledge, etc. The field for 'name of entity in whose favour shares were encumbered' would henceforth also require the disclosure of name of both the lender and the trustee who may hold shares directly or on behalf of the lender.

3.7.1.3.6 Provisions for re-classification of promoters as public (Notified as regulation 31A in Listing Regulations on September 02, 2015)

3.7.1.3.6.1 Existing promoter of a listed entity may cease to be a promoter and/or re-classify itself as public under the following conditions:

- i. When a new promoter replaces the previous promoter subsequent to an open offer or in any other manner, re-classification may be permitted subject to approval of shareholders in the general meeting.
- ii. Shareholders need to specifically approve whether the outgoing promoter can hold any Key Management Personnel ("KMP") position in the company. In any case, the outgoing promoters and their relatives may not act as KMP for a period of more than 3 years from the date of shareholders' approval.
- iii. The outgoing promoter along with promoter group and PACs should not hold more than 10% shares of the company.
- iv. The outgoing promoter should not have any

special rights through any formal or informal arrangements. All shareholding agreements granting special rights to such outgoing promoters shall be terminated.

4. Financial Action Task Force (FATF) Cell

4.1 India, as a member of the Financial Action Task Force (FATF) and the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), actively participated in their Plenary and Working Group meetings held in 2015.

4.2 India was the Chairman of EAG from 2013 to 2015, during which period all the activities set forth were achieved successfully. All the member countries of EAG appreciated the Chairmanship of India in this regard.

4.3 A Memorandum of Understanding (MoU) was signed in 2015 between the Department of the Treasury of the United States of America and the Ministry of Finance of the Republic of India to enhance cooperation to combat money laundering and the financing of terrorism. This MoU seeks the participants' resolve to pursue areas of cooperation where joint expertise can accelerate progress towards shared goals.

5. Financial Stability and Development Council (FSDC) Secretariat

5.1 With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010. The Chairman of the Council is the Finance Minister and its members include the heads of financial sector Regulators [Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) & Insurance Regulatory and Development Authority of India (IRDAI)], Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and the Chief Economic Adviser. The Council monitors macro prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial sector development issues, including issues relating to financial literacy and financial inclusion.

5.2 During the year 2015-16, so far, the Council held two meetings on 15th May 2015 and 5th November 2015. In these meetings, apart from assessment of macro-

economic financial stability related issues, it has discussed issues such as Corporate Bond Market Development, Fraud in Banks - Building Effective Deterrence through Expeditious Action, Bank Non-Performing Assets (NPAs) and Corporate Sector Balance Sheet Stress, Report of the Activities under Financial Stability Board (FSB) and Financial Action Task Force (FATF), SEBI- Forward Markets Commission (FMC) merger, Follow up on the Recommendation of Special Investigation Team (SIT) on Black Money, Collective Investment Scheme (CIS) Attachment of property by Multiple Agencies in refunding the money to investors etc. Finance Minister also holds FSDC meeting to have pre-budget consultations with the financial sector regulators. The Council has met 14 times so far. The FSDC Secretariat in DEA provides Secretarial assistance to the Council.

5.2 FSDC Sub-Committee

5.2.1 The FSDC Sub-committee set up under the chairmanship of Governor, RBI, meets to broadly discuss issues related to Assessment of Financial Stability, Inter-regulatory Coordination, financial sector development and updates on the functioning of the various Technical Groups of the Sub Committee. Members of the FSDC are the members of the Sub-committee and in addition, Deputy Governors of RBI and AS (Inv), DEA are also members of the Sub Committee. During 2015-16, so far, the year the Sub Committee held two meetings on 29th April 2015 and 10th September 2015. The Sub-committee has met 16 times so far. In these meetings it has discussed major issues such as global and domestic factors impinging on financial stability, Financial Stability Report, Standards and Protocol for Setting up Account Aggregation for Financial Assets, Allowing Insurance Companies and Mutual Funds as Protection Sellers in Credit Default Swaps (CDS), Corporate Bond Market Development, Know Your Customer (KYC) Registry, Compliance with non-legislative recommendations of FSLRC, pension funds, Inter Regulatory Co-ordination for Reporting under Foreign Account Tax Compliance Act, Orderly Growth of Pension Sector in India, Deposit Raising by Multi-State Cooperative Societies, Functioning of State Level Coordination Committees (SLCCs), Curbing Mis-selling and rationalizing distribution incentives in financial products etc.

5.3 Financial Stability Board (FSB)

5.3.1 FSB, an international body, was established in 2009 under the aegis of G20 by bringing together the national authorities, standard setting bodies and international financial institutions. FSB's core functions are to assess vulnerabilities affecting the financial system and to identify and oversee actions needed to address them and to coordinate in developing and implementing strong regulatory, supervisory and other policies in the interest of financial stability.

5.3.2 India is an active Member of the FSB having three seats in its Plenary represented by Secretary, DEA, Deputy Governor-RBI and Chairman-SEBI. DEA, through Secretary (DEA), is also represented in two of the Standing Committees of the FSB viz. Standing Committee on Budget and Resources (SCBR) and Standing Committee on Standards Implementation (SCSI). Deputy Governor-RBI is a member in the Standing Committee on Assessment of Vulnerabilities (SCAV) and Standing Committee on Supervisory and Regulatory Co-operation (SRC). India is also a member of the FSB's Regional Consultative Group for Asia (RCGA) and is represented in the Group through Secretary (EA), Deputy Governor-RBI and Chairman-SEBI.

5.3.3 Regular interaction with FSB takes place through formal meetings of the Plenary, Standing Committees and RCGs. Periodic conference calls are also held to discuss emergent issues. Information is exchanged with FSB member jurisdictions through FSB Secretariat as per international requirements on request basis. The FSDC Secretariat of the Department of Economic Affairs coordinates with the various financial sector regulators and other relevant agencies to consolidate and share India's views at the FSB which in turn shares it with the G20 forum as it monitors the working of the FSB.

5.3.4 FSB Members are committed to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards and agree to undergo periodic peer reviews. India is presently engaged in its first ever FSB Peer Review, which is expected to be completed by July-Aug, 2016.

5.4 Financial Sector Assessment Programme

5.4.1 The Financial Sector Assessment Program (FSAP) is a joint program of the International Monetary Fund and the World Bank. In September 2010, IMF made it mandatory for 25 jurisdictions (including India) with systemically important financial sectors to undergo financial stability assessments under the FSAP every five years.

5.4.2 India's last assessment under FSAP was done during 2011-12. The next FSAP assessment is due in 2016-17.

5.4.3 India is actively participating in post crisis reforms of the international regulatory and supervisory framework under the aegis of the G20. India remains committed to adoption of international standards and best practices, in a phased manner and calibrated to local conditions, wherever necessary.

6. Financial Sector Legislative Reforms Commission (FSLRC) Division

6(i) The Financial Sector Legislative Reforms Commission (FSLRC), set up in March 2011 for re-writing the financial sector laws to bring them in harmony with the current requirements, submitted its Report to the Government on March 22, 2013. The Report is in two parts: Volume I – titled “Analysis and Recommendations” and Volume II – titled the “Draft Law” consisting of the Draft Indian Financial Code (IFC). The Commission *inter alia* recommended a non-sectoral, principle-based legislative architecture for the financial sector, by restructuring existing regulatory agencies and creating new agencies, wherever needed, for better governance and accountability.

6(ii) A new Division namely, the FSLRC Division was created in April 2013 to process implementation of the Report with the following mandate:

- a) Firm up the views of the Government on the recommendations of the FSLRC following due consultative process with all the concerned stakeholders, Regulators/Ministries/State Governments/Union Territories and public at large.
- b) Implement the recommendations of the FSLRC, duly approved by the Government.
- c) All administrative and establishment matters relating to FSLRC.

6.1 Steps taken on the recommendations of the FSLRC

6.1.1 The Report was put in public domain on the website of the Ministry of Finance ><http://finmin.nic.in>< on 28th March 2013. The Hindi Version of the Report was placed alongside the English version on the website of the Ministry in Sept 2013, after making a translation thereof. Comments of stakeholders were invited through letters and a press release dated 6th June 2013. A dedicated e-mail >feedback-fslrc@nic.in< was created to receive online comments. Copies of the report in English and Hindi versions were also printed for distribution.

6.1.2 The Report was circulated to the Ministries/Departments, Governments of States/Union Territories, Parliament Library and also to Universities, Research/Academic Institutions, Bank Associations etc. for wide publicity and comments. Copies of the report in English and Hindi versions were also sent to all Members of Parliament by the Hon'ble Finance Minister in October 2014.

6.1.3 The report was discussed in various meetings of the Financial Stability and Development Council (FSDC) chaired by the Finance Minister and it was unanimously agreed that the financial sector regulatory agencies would implement the recommendations that can be adopted without legislative changes, and within a reasonable timeframe. The FSDC also decided to set up Task Forces with a project approach to lay the roadmap for the establishment of new agencies proposed by the FSLRC, such as Resolution Corporation (RC), Financial Sector Appellate Tribunal (FSAT), Public Debt Management Agency (PDMA) and Financial Data Management Centre (FDMC). FSDC also decided to create a Financial Sector Regulatory Appointment Search Committee (FSRASC) for recommending appointment of Chairpersons/ Members of financial sector regulatory agencies.

6.2 Non legislative recommendations (NLRs) of the FSLRC

6.2.1 The financial sector regulatory agencies are implementing the governance enhancing principles for enhanced consumer protection, greater transparency in their functioning on voluntary basis. With a view to facilitating the task of the regulators and help develop a uniform rationale based understanding about the non-legislative governance enhancing principles, a detailed 'Guidance Handbook' for implementing the same was prepared and provided to the regulators. A Copy of the handbook was placed on the website of the Ministry of Finance in December 2013. A two day workshop was held on 8-9 May 2014 for concerned middle and senior level officers of the Department of Economic Affairs (DEA), Department of Financial Services (DFS) and the financial sector regulators, on implementation of the Guidance Handbook. The workshop was inaugurated by the Finance Minister.

6.2.2 A Guidance Handbook on Management Information System (MIS) to measure and benchmark compliance of the governance enhancing/transparency measures recommended by the FSLRC, was prepared and circulated to the financial sector regulators in May 2014. Copy of this Handbook also, was placed on the website of the Ministry of Finance. An MIS software portal for enabling the financial sector regulators to monitor implementation of the non legislative recommendations of the FSLRC was prepared by the DEA and demonstrated to the officers of the regulatory agencies responsible for operating the portal, in a workshop on 17.4.2015. The online portal was inaugurated by the Finance Minister in the 12th meeting of the FSDC on 15.5.2015.

6.3 Draft Indian Financial Code (IFC)

6.3.1 Apart from inviting comments on the Report and Draft IFC as mentioned above, the Department of

Economic Affairs in collaboration with Institute of Company Secretaries of India (ICSI) organized a number of small intense workshops and seminars on specific areas of the IFC for building consensus on the Draft. Work on fine tuning the Draft IFC with comments of stakeholders suitably incorporated to make it legally flawless was initiated and the Draft IFC has been revised in the light of the comments received and hosted on the home page of the Ministry of Finance on 27.3.2015 inviting comments of stakeholders by 8th August 2015. The comments received are being examined.

6.4 Regulatory Financial Architecture

6.4.1 The intention of the Government to examine the recommendations of the FSLRC and implement the same was conveyed in the Finance Minister's Budget Speeches in 2014-15 and 2015-16. The Government is determined to bring in institutional reforms in the financial sector, based on the recommendations of the FSLRC. Following this and as per the decisions in the FSDC, as stated earlier, the Government set up four Task Forces for upgrading the existing Securities Appellate Tribunal (SAT) to FSAT and for establishing new agencies namely, the RC, the PDMA and the FDMC on 30th Sept 2014. These Task Forces have since submitted their report. A Task Force for creating a sector-neutral Financial Redress Agency (FRA) as announced in the 2015-16 Budget Speech of the Finance Minister has been set up on 5.6.2015 and it will complete its task in one year. Since moving the Draft IFC recommended by the FSLRC in totality may take some time, key aspects of the IFC are proposed to be fast tracked. To begin with it has been decided to establish FDMC, PDMA and RC as new financial agencies.

6.5 Financial Sector Regulatory Appointment Search Committee

6.5.1 The recommendation of the FSLRC to constitute a 'Financial Sector Regulatory Appointment Search Committee' (FSRASC) for recommending names of suitable persons for appointment to board level positions of financial sector regulatory bodies which was agreed to in the 9th meeting of the FSDC held on 4th February 2014, was processed in consultation with the financial sector regulators and the Department of Financial Services. The constitution and composition of the FSRASC has been approved on 24.11.2015.

6.6 Monetary Policy Framework Agreement with RBI

6.6.1 Keeping in view the recommendations of FSLRC and the Urijit Patel Committee (Expert Committee to Revise and Strengthen the Monetary Policy Framework, 2014) set up by the Reserve Bank of India (RBI), the Ministry of Finance and RBI signed a Monetary Policy Framework Agreement (MPFA) on 20th February, 2015

stating that the objective of monetary policy is to primarily maintain price stability, while keeping in mind the objective of growth. An amendment to the RBI Act, 1934 providing for statutory basis for the monetary policy framework and a Monetary Policy Committee has been introduced in the Lok Sabha in the Finance Bill 2016 on 29.2.2016.

6.7 Merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI)

6.7.1 The Forwards Markets Commission (FMC) was merged with the Securities and Exchange Board of India (SEBI) with effect from 28th September, 2015 to achieve convergence of regulations of Securities Market and Commodity Derivatives Market and to increase the economies of scope and scale for the exchanges, financial firms and other stakeholders.

6.8 Bankruptcy Law Reforms

6.8.1 A Bankruptcy Law Reforms Committee (BLRC) set up on 22.8.2014 for providing an entrepreneur friendly legal bankruptcy framework for India as announced in the Budget Speech (2014-15) submitted its Report and draft Bill to the Finance Minister on 4.11.2015. The Report is in two parts: Volume I – titled "Rationale and Design" and Volume II – titled "Draft Insolvency and Bankruptcy Bill". The Report, along with a brief summary of the recommendations, was placed on the website of the Ministry of Finance at >www.finmin.nic.in< for stakeholder consultation.

6.8.2 Based on the report as well as public/stakeholder consultation, a Bill relating to 'The Insolvency and Bankruptcy Code, 2015' was introduced in the Lok Sabha on 21st December 2015. The Bill has been referred to a Joint Committee of Parliament.

7. Commodity Derivatives Markets Division

7.1 Strengthening of Commodity Futures Regulatory Framework

7.1.1 In the Union Budget speech of the Finance Minister for 2015-16, it was proposed to merge the Forwards Markets Commission with SEBI. Pursuant to this, Government repealed the Forward Contracts (Regulation) Act, 1952 (FCRA) w.e.f. September 29, 2015 paving the way for the merger of the Forward Market Commission (FMC) with the Securities and Exchange Board of India (SEBI). SEBI in order to effect the merger, amended Securities Contracts (Regulation) (Stock

Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) and SEBI (Stock Broker and Sub-Broker) Regulations, 1992 and SEBI (Regulatory Fee on Stock Exchanges) on September 09, 2015. These regulations enable functioning of the commodities derivatives exchanges and its brokers under SEBI norms and integration of commodities derivatives and securities trading in an orderly manner. Pursuant to the merger in September 2015, SEBI has taken a number of policy initiatives to improve the regulation, and development of the commodities markets.

7.1.2 Through these amendments, SEBI has revised regulatory fee on entities relating to stock exchanges and clearing corporations, stock brokers and sub-brokers in the commodity derivatives market. Under the new norms, a regional commodity derivatives exchange should pay to SEBI an annual regulatory fee of ₹50,000 within 30 days of conclusion of the relevant financial year. In the case of national commodity derivatives exchanges, the net worth for a self-clearing member should be ₹1 crore and for a clearing member, the same should be ₹3 crore. The deposit amount in the case of national commodity derivative exchange would be ₹50 lakh for both self-clearing and clearing members. With regard to regional commodity derivatives exchanges, the net worth level and deposit amount for self-clearing and clearing members would be specified by SEBI from time to time. These new norms have come into force from September 28, 2015.

7.2 Policy Initiatives (January 2015-December 2015)

- **Increase of spread margin benefits:** With a view to provide greater liquidity to the market without compromising on risk management, and as per feedback received from exchanges and market participants, FMC increased spread margin benefits from the level of 50% to 75%. (March, 2015)
- **KYC related measures:** Uniform KYC norms had been prescribed and implemented by the Commission to enable clients to use only one set of KYC documents to become members of more than one exchange. The Commission decided to include 'Aadhar Card' as a proof of identity and proof of address in KYC documentation. Further, in consultation with the market participants, the Commission also decided to accept e-KYC service launched by (Unique Identification Authority of India) UIDAI also as a valid process for KYC verification. The Commission on 26th February, 2015 issued a circular making KYC form of the Commodity Derivatives Market identical to that prescribed by SEBI for the securities market. This has been done to enable uniform KYC registration process
- in the two markets to make it easier for clients to register for trading and to avoid duplication of paper work with various intermediaries.
- **KYC Registration Agencies (KRA's):** The KRA System was introduced by SEBI so that clients do not undergo the process of providing KYC repeatedly, when they approach other intermediaries for trading. In this regard, the Commission had taken up with SEBI, the matter of allowing entities in the commodities derivatives market to access the system of KRA's registered with SEBI. In this regard, SEBI issued a notification in August, 2014, wherein entities regulated by other regulators in the financial sector can access the system of KRA for undertaking KYC of their clients. A circular dated 13.03.2015 was issued to all National Exchanges and KYC Registering Authorities (KRAs) to enable all participants of commodity market to avail services of KRAs for client registration, uploading and downloading of client data. This will facilitate clients of commodity market as it will make it easy for the participants of the commodities market to register and avoid duplication of paper work with various intermediaries. Guidelines for new clients, existing clients and KRA's have been provided. The KRA system will be made available to the new participants from 1.04.2015. However, for existing clients the procedure should be completed by 1.12.2015. A circular dated 17.03.2015 was issued to all National Commodity Exchanges directing them to conduct awareness campaigns all over the country in a time bound manner to ensure proper and timely implementation of the KRA system.
- **Ease of Doing Business:** The Commission vide circular dated 30th April, 2015 decided that all applications of National Exchange members for name change/director change/address change/change in shareholding pattern/change in email ids/ change in type of membership of members which are presently approved by the Commission will henceforth be approved by the Exchange. The Exchange shall keep the Commission informed of the changes approved by them in a quarterly report to be submitted to the Commission.
- **Directives on Suspension of Trade, Refund of Member Liabilities and Revival of Exchange:** In order to protect the interest of members and clients on suspension of trading operation by a Commodity Exchange, FMC vide circular dated 19th May, 2015 has issued following directives to all the Commodity Exchanges-both National and Regional:

- ◆ After the suspension of trading, the trade margin money of clients deposited with the Exchange shall be refunded within 15 days.
- ◆ The Exchange shall invite complaints/grievances from clients against members and resolve such complaints/grievances within 6 months from the suspension of trade.
- ◆ Six months after the date of suspension of trade, the Exchange shall refund the Trade Margin Capital (TMC) and Base Minimum Capital (BMC) along with other deposits and collaterals, if any, to the members, provided that there are no other claims against such member.
- ◆ The membership registration of all the members shall remain valid even after refunding the Trade Margin Capital and Base Minimum Capital. In case of resumption of trade, the membership of such registered members can be re-activated and BMC/TMC collected afresh, as per the bye-laws and rules of the Exchange.
- ◆ In case, the Exchange is not in a position to revive its trading operations within 12 months from the date of suspension of trading, then a Show Cause Notice (SCN) shall be issued by the Commission to the Exchange to explain as to why its registration shall not be cancelled and why the Commission should not recommend withdrawal of its recognition to the Central Government. After considering the reply to the SCN, the Commission shall take a view in this regard and act accordingly.

7.2.1 The Reserve Bank of India, on 28th May, 2015 issued a Notification advising banks to encourage large agricultural borrowers such as agricultural commodity processors, traders, millers, aggregators, etc., to hedge their risks related to agricultural commodity prices. To improve awareness of hedging tools, such as derivatives, banks have also been advised to educate their customers about the suitability and appropriateness of using various hedging tools so that the customers can take an informed decision. This measure would improve the integrity of the commodity futures market and provide better linkages with physical market.

- ◆ **WSP Exclusivity:** The issue of accreditation of the WSP with more than one Exchange and the exclusivity clause mandated by any exchange, that if a WSP is accredited with an exchange, it cannot be accredited with any other exchange was considered by the Commission. In this regard, FMC had invited views and suggestions from the public vide its circular dated 7th January, 2015. The views and

suggestions received from the public were examined and the matter was also deliberated upon in the meeting of the MDs and CEOs of National Exchanges held on 10th June, 2015. In light of the public comments received and deliberations in the MD and CEO Meeting, FMC decided that a WSP can be accredited with more than one exchange and further, no exchange shall mandate that its WSP cannot provide services to another exchange. However, this will be subject to the condition that the same warehouse will not be shared by more than one exchange.

- ◆ **Registration of commodity derivatives brokers with SEBI:** Vide circular dated September 29, 2015 SEBI issued a circular providing guidelines w.r.t. registration of the members of Commodity Derivatives Exchanges with SEBI.
- ◆ **Risk management framework for national commodity derivatives exchanges:** With an objective of aligning and streamlining the risk management framework across National Commodity Derivatives Exchanges, SEBI vide circular dated October 01, 2015 prescribed comprehensive risk management framework for National Commodity Derivatives Exchanges. The framework was finalised after a due consultative process with the exchanges. The framework includes norms for margins, deposits, types of collateral, collateral haircut, concentration limits and risk reduction mode.

- **Risk management norms for regional commodity derivatives exchanges:** To harmonise risk management practices across regional commodity derivatives exchanges, on October 21, 2015 SEBI issued circular on risk management for regional commodity derivatives exchanges. The norms include deposits, margins, daily mark to market settlement, types of collateral, client level computation and timings for collection of margins.

- **Investor Grievance Redressal System and Arbitration Mechanism:** With an objective to streamline and strengthen the investor redressal and arbitration mechanism at national commodity derivatives exchanges in line with the securities market, SEBI has issued circular dated November 16, 2015 for national commodity derivatives exchanges. The circular was finalized after receiving comments from the exchanges. The circular includes the provisions for setting up investor service centre, investor grievances redressal committee, arbitration committee/panel and appellate arbitration, common pool of arbitrators and automatic selection of arbitrators from common pool.

- **Annual System Audit, Business Continuity Plan (BCP) and Disaster Recovery (DR):** With an object to bring stability, integrity and continuity of operation the commodity market, SEBI has issued circular dated November 16, 2015 for national commodity derivatives exchange. The circular was finalized after receiving comments from the exchanges. The circular includes the provisions of conducting annual system audit, business continuity plan and disaster recovery.
- **Timelines for Compliance with various provisions of Securities Laws by Commodity Derivatives Exchanges:** SEBI issued circular providing timelines for Commodity Derivatives Exchanges to comply with the provisions of SCRA and regulations, rules, guidelines or like instruments made under SCRA. The timelines for compliance with major provisions are as follows:
 - i. Corporatization and demutualization of Regional Commodity Derivatives Exchanges – 3 years from the date of merger.
 - ii. Availing services of a clearing corporation – 3 years from the date of merger.
 - iii. Net-worth - May 05, 2017 for National Commodity Derivatives Exchanges and within 3 years from the date of merger for regional exchanges.
- **Testing of software used in or related to Trading and Risk Management:** SEBI extended the norms related to testing of trading and risk management software of stock brokers to be complied with by national commodity derivatives exchanges for their members. The major provisions covered are as under:
 - a. Testing of Software.
 - b. Approval of Software of brokers/members.
 - c. Undertaking to be provided by the brokers/members.
 - d. Sharing of Application Programming Interface (API) specifications by the brokers/members.
 - e. Penalty on malfunction of software used by brokers/members.

7.3 Plan and Non-Plan Expenditure

(in ₹)

S. No.	Head of Account / Details of Scheme / sub Scheme / Other Details etc.	BE 2015-16	Actual expenditure from 1.4.2015 to 28.9.2015
1	2	3	4
1	Salaries	10,00,00,000	2,56,63,943
2	Overtime Allowance	20,000	0
3	Medical Treatment	18,00,000	1,59,420
4	Domestic Travel Expenses	1,63,00,000	19,45,483
5	Foreign Travel Expenses	1,28,00,000	0
6	Office Expenses	5,02,00,000	41,27,662
7	Rent, Rates And Taxes	13,00,00,000	0
8	Other Administrative. Expenses	10,00,000	0
9	Advertising and Publicity*	60,00,000	12,79,277
10	Professional Service	7,35,80,000	1,02,78,978
11	Grants-in- aid-General	75,00,000	0
12	Contributions	25,00,000	0
13	Grants for Creation of Capital Assets	30,00,000	23,17,875
14	Secret Service Expenditure	1,00,000	0
15	Other Charges	77,00,000	94,130
16	IT - Office Expenses*	3,08,00,000	2,87,757
17	IT – Professional Services	10,00,000	0
	TOTAL	44,43,00,000	4,61,54,525

7.4 Posting of FMC Officials

7.4.1 The Finance Act, 2015 *inter alia*, provided for posting of officials of erstwhile FMC on deputation to SEBI in order to facilitate smooth transition of functions which were being carried out by FMC.

7.4.2 Accordingly, Ministry of Finance, vide notification no. S.O. 2590(E) dated September 22, 2015 and letter no. F.No. 1/18/SM/2015 dated September 24, 2015, posted 22 officers from various central services to SEBI w.e.f. September 29, 2015 on deputation basis.

Infrastructure Finance Company Limited (IIFCL) and Indian Railways Finance Corporation (IRFC) as Government nominee on the Board of Directors.

- Participatyon in Standing Cost Committee for Infrastructure Projects of Central Ministries.
- Coordination for Infrastructure and Energy Division.
- India-Saudi Joint Investment Fund, Indo-Israeli R & D Fund.
- External charge- Bahrain, Oman, Saudi Arabia, Qatar, Kuwait, UAE, Yemen, Israel, Jordan and Lebanon.

8. Infrastructure & Energy Division

The Infrastructure & Energy Division is headed by a Joint Secretary. The Division has three Sections and a Policy Cell each of which is headed by a Director.

8.1 Infrastructure Finance Section:

8.1.1 Infrastructure Finance Section, as a part of the Infrastructure and Energy Division, Department of Economic Affairs, Ministry of Finance has been carved out with the objective of taking forward and conceiving new initiatives related to infrastructure financing and promotion of investment in infrastructure sectors. The section deals with:

- Policy matters relating to Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/Infrastructure Investment Trusts (InvITs), Tax Free Bonds, Municipal Bonds and other instruments meant for infrastructure financing, including Model Tripartite Agreements (MTAs) for take-out financing of PPP projects by IDF-NBFCs.
- All international interface on infrastructure financing (other than PPPs).
- Matters relating to Infrastructure and Investment Working Group (IIWG) of G-20.
- Issues relating to infrastructure investment including funds for long-term investment viz. Investment by Pension Funds, Insurance Funds, Sovereign Wealth Funds, etc.
- All policy matters relating to Project Monitoring Group (PMG).
- India-Saudi Arabia Joint Commission for Technical and Economic Cooperation.
- Matters relating to meetings of Board of Directors of ONGC-Videsh Limited (OVL), India

8.1.2 A summary of the major policy initiatives/reform measures dealt with by the Section during 2015-16 are as under:

8.1.2.1 **Infrastructure Debt Funds (IDFs):** Government had conceptualized IDFs to address the issue of sourcing long term debt for infrastructure projects. Potential investors under IDFs include off-shore institutional investors, off-shore High Net Worth Individuals, & other institutional investors (Insurance Funds, Pension Funds, Sovereign Wealth Funds, etc.). IDFs can be set up either as a Trust (IDF-MF) or as a NBFC (IDF-NBFC). The income of Infrastructure Debt Funds has been exempted from income tax. So far, 3 IDF-NBFCs and 3 IDF –MFs have been operationalized.

8.1.2.2 **Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trust (InvITs),** - Government has announced a tax structure for REITs and InvITs, long-term financing instruments for financing real estate and infrastructure projects. InvITs and REITs, the guidelines for which were issued by SEBI in September, 2014, are structures that optimize returns through efficient tax pass-through and improved governance structures.

8.1.2.3 **Municipal Borrowing-** Government has initiated a pilot project for developing a framework to build capacities of Urban Local Bodies (ULBs) to raise financing through the Capital Markets for financing infrastructure projects (normally PPPs). The pilot initiative aims to develop a replicable model and related documents and demonstration of the model through a successful pilot transaction for an ULB. Guidelines for issuance of Municipal Bonds in India have been notified by SEBI.

8.1.2.4 **Tax Free Bonds:-**As announced in Government of India Budget 2015, Tax Free Bonds amounting to ₹43,500 crore during 2015-16 allocated to Central Public Sector Undertakings (NHAI, IRFC, HUDCO, IREDA, PFC, REC, NTPC and NABARD).

8.1.3 Financing Infrastructure in G-20:

8.1.3.1 India is a member of the G-20 Investment and Infrastructure Working Group (IIWG). When the G20 sub-group that focuses on Infrastructure — i.e., the Infrastructure and Investment Working Group (IIWG) was originally set up, to include a focus on steps to improve domestic investment climate in member countries and intermediate global private savings for productive investment. The group has commissioned expert papers which have provided seminal inputs to member countries on these issues. More than 150 non-papers and approaches have been dealt with by in the IIWG, Development Working Group (DWG) and SAARC Meetings.

- a) **Global Infrastructure Initiative (GII):** Brisbane Summit announced the GII (a multi-year work programme to boost quality public and private infrastructure investment) in November 2014, in line with India's suggestion that knowledge-sharing exercises should be taken up between member countries.
- b) **Improvement in best practices for PPP Model:** India has suggested that knowledge sharing exercises should be taken up between member countries through standardized documentation and capacity building instruments like tool-kits and training program for PPPs. It has further been suggested that India, today, is in a position to offer help and learnings from its own experiences in PPPs to other countries and engage in knowledge sharing exercises that will help build such capacities in member countries.
- c) **Combining SME (Small & Medium Enterprises) and Infra Financing:** Various papers were circulated for standard template for SME financing and common leading practices to support increased investment in SMEs. India had suggested that SMEs financing is essentially local banks-sourced and shorter-term than Long Term Investor (LTI) required for infrastructure. It was further suggested that combining SMEs and infrastructure projects in any data base should be avoided.
- d) **Increase in MDB Exposure:** There were further talks about increasing the exposure of MDBs to project lending through their sovereign lending windows. India had not supported this and had suggested that this may not address the problem of raising non-traditional sources of finance: i.e., from LTIs. Instead, a facility where MDB-expertise in administration and MDB – ratings

could be leveraged for raising a sub-debt category, priced somewhere between market and MDB rates may be considered.

8.1.4 Financial Dialogues/Bilateral Engagements

- **India-Saudi Arabia Joint Commission Meeting (JCM):-** The 11th Session of India-Saudi Arabia Joint Commission was held in May, 2015 in New Delhi under the Co-chair of Shri Arun Jaitley, Finance Minister, and Minister of Commerce & Industry of Saudi Arabia to discuss a wide range of issues including cooperation in trade & commerce, higher education, health, communication, culture and IT. Review meeting of agreed recommendations of 11th India-Saudi Arabia Joint Commission Meeting (JCM) was held on 29th December, 2015 in Riyadh, Saudi Arabia. Both sides held extensive discussions on all the issues covered in the agreed minutes of the 11thJCM held in New Delhi in May 2015.
- The first meeting of India-US Infrastructure Collaboration Platform (ICP) was held on 13th January, 2015 in New Delhi.

8.2 Energy Cell

8.2.1 Energy Cell is part of the Infrastructure & Energy Division of Department of Economic Affairs, Ministry of Finance, which is headed by a Director, who is assisted by an Under Secretary and a Section Officer.

8.2.2 The major functions of Energy Cell, inter alia, include the following:

- All policy related issues pertaining to energy sector viz. Power, Petroleum and Natural Gas, Coal, Atomic Energy and Renewable Energy;
- Examination of the investment proposals in energy sector requiring the approval of Cabinet/CCI/CCEA/CoS/PIB/EFC for their viability and justification;
- All matters relating to power sector (including policy, projects, DCNs/CCEA Notes/EFC/SFC, etc.);
- Examination of proposals for grant of viability gap funding under the National Clean Energy Fund (NCEF);
- Matters relating to OPEC Fund for International Development (OFID);
- Matters related to Committee on Allocation of Natural Resources (CANR);

- Sectoral Charge: Iran & Iraq.

8.2.3 Energy Cell is the Secretariat of Monitoring Committee (MC) set up to review the implementation status of the recommendations of the Committee on Allocation of Natural Resources (CANR). Monitoring Committee chaired by Cabinet Secretary has reviewed 81 recommendations of Committee on Allocation of Natural Resource (CANR). 32 have been implemented, 40 are under implementation and 9 have not been accepted by Ministry/Department concerned.

8.2.3.1. Fourteen (14) Cabinet/CCEA/CoS Notes/proposals from the line Ministries/ Departments have been examined during the year.

8.3 Infrastructure Section

8.3.1 Infrastructure Section is headed by Director (Infra), who is assisted by Deputy Director (Infra) and Section Officer (Infra). The functions/working of the Section includes the following:

- Providing inputs on Cabinet Notes, CCEA Notes, CCS Notes, CoS notes and other Infrastructure Policy related issues concerning Roads, Ports, Shipping, Inland Water Transport, Railways, Telecommunications, Civil Aviation, Power, Urban Development Sector referred to the Department of Economic Affairs (DEA) by the concerned Administrative Ministries.
- All matters relating to external territorial charge of South Korea and China.
- Analyzing the investment proposals in the above infrastructure sectors requiring the approval of EFC/PIB/CCEA for their viability and justification.
- Servicing Steering Committee, Inter-Ministerial Committees, High Level Committees, Group of Secretaries, Institutional Mechanism on the Harmonized Master List of Infrastructure Sub-sectors, Board of Trustees of DMIC, Board meeting of National Highways Authority of India (NHAI), High Powered Inter – Ministerial Committee on SARDP-NE etc. constituted to deal with policy issues on these sectors and providing inputs for formulation of DEA's view on such issues.
- All matters relating to Projects (PPP and non-PPP) of Ministry of Road Transport and Highways including EFC/SFC/PPPAC and EI/EC under the Government of India VGF Scheme.

8.3.2 Sixty Two (62) Cabinet/CCEA/CCS Notes/proposals from the line Ministries/ Departments have

been examined and comments were furnished during the year.

8.4 PPP Cell

8.4.1 The Public Private Partnership (PPP) Cell headed by a Director level officer was set up in 2006 for developing multi-pronged, policy framework in respect of PPPs and innovative interventions and support mechanisms for facilitating PPPs in the Country, including Technical Assistance programmes from bilateral and multilateral agencies on mainstreaming PPPs and support to State and local governments, managing training programmes, strategies, exposures for capacity building for PPPs etc.

8.4.2 Government of India has been placing strong emphasis on the use of Public Private Partnerships (PPPs) as a strategy for expanding the provision of infrastructure services. In order to bridge the infrastructure gap, and to create an enabling environment for private sector investment in infrastructure through PPPs, the Government has made a concerted effort to develop a dedicated PPP programme, with several initiatives to support PPP development, details of which are as under:

- The **Public Private Partnership Appraisal Committee (PPPAC)** that was set up for streamlined speedy appraisal of PPP projects posed by Central Line Ministries and Departments projects, by adopting international best practices and for uniformity in appraisal mechanism has in Calendar year **2015 approved 14 central projects proposal with TPC of ₹24507.03 crore.**
- The Government had created a **Viability Gap Funding Scheme (VGF)** for PPP projects. Infrastructure projects are often not commercially viable on account of having substantial sunk investment and low returns. However, they continue to be economically essential. Accordingly, the Viability Gap Funding Scheme has been formulated which provides financial support in the form of grants, one time or deferred, to infrastructure projects undertaken through public private partnerships with a view to make them commercially viable. The Scheme provides total Viability Gap Funding up to twenty percent of the total project cost. The Government or statutory entity that owns the project may, if it so decides, provides additional grants out of its budget up to further twenty percent of the total project cost. **During the calendar year 2015, up to December 31, 2015 the Government has granted in-principle approval for 8 projects**

with a Total project cost of ₹1027.69 crore. Like-wise, Empowered Institution (EI) also granted Final Approval to 9 projects of ₹1119.66 crore in various sectors with VGF component of ₹166.7 crore.

- iii. **Committee on Revisiting and Revitalizing Public Private Partnership model in infrastructure:** In the Union Budget 2015-16, the Finance Minister had announced that the PPP mode of infrastructure development has to be revisited and revitalized. In pursuance of this announcement, a Committee on Revisiting & Revitalising the PPP model of Infrastructure Development was set-up which was chaired by Dr. Vijay Kelkar. The Report of the Committee has been presented to the Government. The Report *inter alia* delved upon achievements in infrastructure development under PPP framework and has made several recommendations to better harness the PPP route to infrastructure service delivery. The Committee has also recommended resolution of legacy issues, strengthening of Policy, Governance and Institutional capacities etc. The Report is available on the Ministry of Finance's website:

(<http://finmin.nic.in/reports/ReportRevisitingRevitalisingPPPMModel.pdf>)

- iv. **Knowledge Resources:** As part of wide ranging efforts for knowledge dissemination on PPPs, DEA has developed tool kits and knowledge products for use of PPP practitioners.
- v. **Post Award Contract Management:** PPP contracts are often complex where both parties are expected to manage the uncertainties and complexities that arise over the long-term concession period of 15-30 years. Managing changing contexts over the concession period, dealing with uncertainties and effectively handling disputes are critical for the overall success of the PPP projects. International experience shows that lack of attention to Contract Management of PPP projects during the Post-Award phase means that the expected benefits from PPPs will not be realized and the value-for-money would be eroded, through escalations in costs and decline in service performance. Hence, it is important to plan properly for Contract Management during the upfront project preparation phase as much as during the post-award phase. In addition, proper resources must

be provided for Contract Management for efficient delivery of PPP projects.

Department of Economic Affairs (DEA) has developed Post-Award Contract Management Guidance Material for Highways, Ports and School sectors and it includes Guidelines, Manuals and Online Toolkits. While the guidelines provide key principles of Post-Award Contract Management of PPP projects, these have been further adapted to sector specific Manuals based on the contractual obligations enshrined in the concession agreements. These are further supported by an interactive web-based toolkit, easily accessible through DEA's PPP Cell website, i.e. www.pppinindia.com, and have been designed to provide practical application-oriented assistance to Project Authorities in undertaking project management. It is expected that the Toolkits will evolve as a one-stop resource base for all Project Authorities for Post-Award Contract Management of PPP projects. The Guidance Material and the Online Toolkits will be available to users on the Department's website for PPPs, i.e. www.pppinindia.com.

- vi. **Development of Framework for Renegotiation of PPP Contracts**

Although PPP concessions can be seen as contracts, they differ from the usual mutually negotiated contracts for delivery of commercial services, at least in three notable ways. First, they are public procurements awarded through a competitive bidding process and, hence, ex-post changes in contract terms would need to withstand the standards of equity, fairness, and ensure best value-for-money for the government under given circumstances. Second, they are usually long term arrangements spanning 10-15 years or more and, hence, are not amenable for writing 'perfect' contracts covering all the situations and developments during the course of their life-time. Third, they are often intended to provide critical public service(s) and, hence, can be neither paused nor disrupted until the contracting parties resolve the differences that may arise during the course of implementation.

Like in any contract, the prospect of renegotiations in a PPP concession is not desirable but may not always be avoidable. Department of Economic Affairs (DEA) had developed a framework for renegotiation or amendment of PPP Agreements with a particular

focus on the National Highways and Major Port Concessions (Renegotiations Report). The framework identifies and categorizes several issues that could be considered for renegotiation of PPP concessions and provides various options and recommendations (triggers) for renegotiations. Based on the recommendations of the Renegotiations Report, DEA is, at present, working on identifying the requisite modifications/amendments to the existing Model Concession Agreements (MCAs), identifying new clauses that need to be inserted in MCAs, as well as the regulatory and policy regimes which would be necessary to implement such recommendations.

9. Investment Division

9.1 Domestic Investment

9.1.1 During the Financial year 2015-16, the Budget Announcement regarding the National Investment and Infrastructure Fund (NIIF) was implemented. To maximize economic impact mainly through infrastructure development in commercially viable project, both Greenfield and Brownfield, including stalled projects, NIIF has been created with an initial corpus of ₹40,000 Crore. The Fund is set up as a Fund of Funds (Category II Alternate Investment Fund) with a proposed series of Funds. NIIF solicits equity participation from strategic anchor partners. The contribution of Government of India to NIIF enables it to be seen virtually as a sovereign fund and is expected to attract overseas sovereign/quasi-sovereign/multilateral/bilateral investors to co-invest in it.

9.1.2 The India Investment Summit was held on 3rd – 4th Feb. 2016 in New Delhi. The summit showcased and discussed the huge investment opportunities in India, especially in the field of infrastructure. The NIIF was formally launched in the summit.

9.2 International Investment Agreements

9.2.1 After holding extensive consultations with stakeholders over the past three years, the model Bilateral Investment Treaty (BIT) text was finalized. The text was approved by the Cabinet in December, 2015. The revised Indian Model text will replace the existing Indian Model BIT. The new Indian Model BIT text aims to provide appropriate protection to foreign investors in India and Indian investors in the foreign country, in the light of relevant international precedents and practices, while maintaining a balance between the investor's rights and Government obligations. During the year, technical discussions on BITs with Canada and USA were held and on investment chapters in trade agreements with Australia and the Regional Comprehensive Economic Partnership (RCEP).

9.2.2 A cell to maintain data on Overseas Direct Investment (ODI) was created. This cell publishes monthly ODI data on the Department's website from November, 2015.

9.3 Foreign Investment Unit

9.3.1 The Foreign Investment Unit provides comments on the Foreign Direct Investment Policy and the proposals placed before the Foreign Investment Promotion Board. It also suggests measures for improving investment environment in India with respect to FDI policy.

9.3.2 Government of India embarked upon major economic reforms since mid-1991 with a view to integrate with the world economy and to emerge as a significant player in the globalization process. Reforms undertaken include de-control of industries from the stringent regulatory process; simplification of investment procedures, promotion of foreign direct investment (FDI), liberalization of exchange control, rationalization of taxes and public sector divestment.

9.3.3 As per the extant policy, FDI up to 100% is allowed, under the automatic route, in most of the sectors/activities. FDI under the automatic route does not require prior approval either by the Government of India or the Reserve Bank of India (RBI). Investors are only required to notify and file documents to the Regional office concerned of RBI. Under the Government approval route, applications for FDI proposals are considered and approved by the Foreign Investment Promotion Board (FIPB).

9.3.4 The FDI policy has been liberalized progressively through review of the policy on an ongoing basis and allowing FDI in more industries under the automatic route. Three major reviews were undertaken in the year 2000, 2006 and 2007-2008. A major policy stance defining indirect investment was taken in 2009 which elaborated the Counting of indirect foreign Investment and guidelines for downstream investments by foreign owned or controlled companies as also guidelines for transfer of ownership from residents to non residents in sensitive sectors. **In a major development**, the Government has recently announced a number of measures to simplify and liberalize the FDI policy vide Press Note 12 on November 24, 2015.

9.3.5 Department of Industrial Policy & Promotion now brings out a Consolidated Foreign Direct Investment Policy Document and is available at <http://dipp.nic.in>.

9.3.6 Recent Initiatives

- **Enabling foreign investment in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trust (InvITs):** Through Cabinet

decision, the Government had approved amendment in FEMA to facilitate foreign investment through Real Estate Investment Trusts (REITs) registered under SEBI (REITs) regulation, 2014. Presently, foreign investment in real estate business is not permissible and therefore the Cabinet had also approved a carve out for foreign investment in REITs under the real estate business. RBI vide Notification No. FEMA 355/2015-RB dated 29.10.2015 has issued necessary amendment in FEMA for enabling foreign investment through REITs and also enabling provision for foreign investment in Infrastructure Investment Trust (InvITs) registered and regulated under SEBI (InvITs) regulation 2014.

- **Enabling foreign investment in Alternative Investment Funds (AIF):** The Cabinet had approved amendment in FEMA to facilitate foreign investment through Alternative Investment Fund (AIF) registered under SEBI (AIF) Regulations, 2012. Necessary RBI Notification No. FEMA 355/2015-RB dated 29.10.2015 has been issued to facilitate investment in venture activities, start-ups, infrastructure sector, MSMEs, social sector and various other segment of the market through AIFs which are Private Equity or Debt fund or Hedge fund and thus have positive spillover effects for the economy.
- **Relaxation of norms for Investment by Non Resident Indian on Non-repatriation basis:** The extant provisions of FDI policy for NRI investment particularly on non-repatriation basis has been rationalized. Vide Press Note No. 7/ 2015 dated 3rd June 2015 issued by Department of Industrial Policy & Promotion (DIPP), the Government has announced that Non-Resident Indian (NRI) investment on Non-repatriation basis, under schedule 4 of Notification No. FEMA 20 would be treated as domestic investment. This step will encourage NRI investment on Non-repatriation basis in India.
- **NIC Code:** Mapping of the sector specific FDI Policy in Consolidated FDI Policy 2014 in terms of National Industrial Classification (NIC)-2008 has been done with the objective of improving ease of doing of business in India and published vide Press Note 1 of 2015 dated 5th January, 2015.
- **Pharma Sector:** In view of difficulties of

investors, the Govt. vide Press Note 2 of 2015 dated 5th January, 2015 has allowed FDI up to 100% under the automatic route for manufacturing of medical devices, which was earlier placed in the Govt. approval route.

- **Insurance Sector** Vide Press Note 3/2015 dated 2nd March 2015, the Government has increased the FDI limit to 49% (up to 26% on automatic route and beyond 26% to 49% under approval route) in respect of Insurance Company, Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and Other Insurance Intermediaries appointed under the provisions of Insurance Regulatory and Development Authority Act, 1999 subject to compliance of Insurance Act and necessary license from IRDA for undertaking insurance activities. Further, **ownership and control** of Indian Insurance Company should remain in the hands of resident Indian entities at all times as defined under IRDA regulation.
- **Pension Sector:** In consultation with this Department and Department of Financial Services, DIPP vide Press Note 4/2015 dated 24th April 2015, has allowed the FDI limit upto 49% (up to 26% on automatic route and beyond 26% to 49% under approval route) in respect of Pension fund set up under the provisions of Pension Fund Regulatory and Development Authority Act, 2013.
- **Composite Caps for foreign investments:** Vide Press Note 8/ 2015 dated 30 July, 2015, the Government has simplified the FDI policy by introducing composite cap to include all forms of foreign investment i.e. FDI, FII, FPI, NRI, QFI, FVCI, ADR & GDR and DR. This will bring clarity to the investor community and facilitate foreign investment. In addition, investment by FPIs /FIIs up to 49% in all sectors except Defence and Banking would not require FIPB approval, as hitherto.
- **FDI by Partly paid Shares and Warrants:** Vide Press Note 9/2015 dated 15.09.2015 Partly Paid Shares and Warrants are treated as an eligible financial instruments for foreign investment under FDI Policy.
- **FDI in White Label ATM Operations:** Vide Press Note 11/2015 dated 1.10.2015, the Government has allowed 100% FDI in White Label ATM Operations under automatic route subject to fulfilment of guidelines of RBI.

- **Changes vide Press Note 12 dated November 24, 2015 :** In a major development, the Government vide Press Note No. 12 (2015 Series) dated November 24, 2015 amended the FDI policy (announcement in this regard was made on November 10, 2015). The changes simplify and rationalize FDI policy in many sectors by enhancing the limit of foreign investment and placing some activities/sectors on automatic route instead of earlier regulations of seeking Govt. approval for such investment. In the Press Note, it is specified that amendments will touch 15 major sectors of Economy, including amendments related to simplification of procedure and regulations also, which will spread across the sectors. The salient measures are:
 - (i) **Agriculture and Animal Husbandry v. Plantation:** Earlier, FDI in only tea plantations were allowed. Through PN 12/ 2015, 100% FDI is allowed on automatic route in Coffee, Rubber, Cardamom, Palm oil tree and Olive Oil tree Plantations. Further, the term “under controlled conditions” mentioned under Agriculture Sector has been defined / specified for floriculture, horticulture, Animal Husbandry, Rearing of animals under intensive farming systems, poultry breeding farms, pisciculture, apiculture.
 - (ii) **Defence:** Now, 49% FDI is allowed on automatic route in Defence Sector instead of under Government route. FDI beyond 49% is placed on the approval route provided there is a likelihood of the foreign investment proposal resulting in access to modern and ‘state-of-art’ technology in the country.
 - (iii) **Information & Broadcasting Sector:**
 - (a) Teleports, Direct to Home, Cable Networks (Multi System Operators (MSOs), Mobile TV, Head end-in-the Sky Broadcasting Services(HITS): FDI raised from 74% to 100% out of which up to 49% on automatic route and beyond it on approval route.
 - (b) Terrestrial Broadcasting FM (FM Radio), Up-linking of ‘News & Current Affairs’ TV Channels: FDI raised from 26% to 49% under the approval route.
 - (c) Up-linking of Non-‘News & Current Affairs’ TV Channels/ Down-linking of TV Channels: 100% FDI is now allowed under the automatic route.
 - (iv) **Civil Aviation Sector:** FDI in non-Scheduled Air Transport Service and General Handling Service has been enhanced from 74% to 100% under the automatic route bringing it at par with Helicopter services/seaplane services requiring DGCA approval, **subject to** Sectoral regulations and security clearance
 - (v) **Satellites- establishment and operation,** FDI has been enhanced from 74% to 100% subject to the Sectoral guidelines of Department of Space/ISRO : FDI would be allowed under the approval route.
 - (vi) **Credit Information Companies:** FDI enhanced from 74% to 100% under the automatic route.
 - (vii) **Construction & Development Sector:** Conditions of minimum floor area and minimum FDI amount have been done away with. The exit norms of foreign investor have been simplified. Now the Non-resident investors can transfer their stake, without repatriation of investment, to the other Non-resident Investors and this will not be subject to either lock-in-period or Govt. approval. Further, Non-resident investors can exit after lock-in-period of three years without Government approval.
 - (viii) **Retail Sectors: Norms are simplified as follows:**
 - (a) An Indian manufacturer is permitted to sell its own branded products in any manner i.e. wholesale, retail, including through e-commerce platforms.
 - (b) Government may relax sourcing norms for entities undertaking single brand retail trading of products having ‘state-of-art’ and ‘cutting-edge’ technology and where local sourcing is not possible.
 - (c) Single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.
 - (ix) **Duty Free Shops:** 100% FDI is allowed on automatic route.
 - (x) **Wholesale Cash & Carry sector: A wholesale/cash & carry trader** is also allowed to undertake single brand retail trading.
 - (xi) **Limited Liability Partnerships (LLPs),**

downstream investment and approval conditions: Following relaxations in norms have been made in case of foreign investment through LLP:

- (a) FDI is now permitted under the automatic route in LLPs operating in sectors/activities where 100% FDI is allowed, through the automatic route and there are no FDI-linked performance conditions.
- (b) An Indian company or an LLP, having foreign investment, will be permitted to make downstream investment in another company or LLP in sectors in which 100% FDI is allowed under the automatic route and there are no FDI-linked performance conditions.
- (c) Control and ownership in respect of LLP are defined as below:

- 'control' will mean right to appoint majority of the designated partners, where such designated partners, with specific exclusion to others, have control over all the policies of the LLP.
- Ownership: A LLP will be considered be owned by resident Indian citizens if more than 50% of the investment in such an LLP is contributed by resident Indian citizens and/or entities which are ultimately owned and controlled by resident Indian citizens and such resident Indian citizens and entities have majority of the profit share.

- (xii) **Enhancing the limit of FIPB approval:** the Government has enhanced the approval limit of FIPB, whose Hon'ble Finance Minister is the Chairman to ₹ 5000 Crores from the earlier provision of ₹ 3000 Crores. Proposal having foreign investment greater than ₹ 5000 Crores now need to be approved by the Cabinet Committee on Economic Affairs. This will expedite the process of considering/approving the foreign investment proposals.

9.3.7 FDI Inflows

9.3.7.1 The cumulative FDI inflows from April 2000 to December 2015 aggregate US \$ 408,676 Million. The cumulative FDI equity inflows from April 2000 to December 2015 aggregate to US \$ 277,954 million (₹ 1,424,067 crores).

9.3.7.2 In the financial year 2015-2016, the FDI equity inflows from April 2015 to December 2015 are US \$ 29,443 million compared to US \$ 21,045 million during the corresponding period in 2014-15.

9.3.7.3 In the current calendar year 2015, the FDI equity inflows upto December, 2015 are US \$ 39,328 million (₹ 252,562 crores) compared to US \$ 28,785 million (₹ 175,313 crores) during the corresponding period in 2014 representing a increase of 37 % in dollar terms and an increase of 44 % in rupee terms.

9.4 Foreign Investment Promotion Board

9.4.1 The Foreign Investment Promotion Board is a single window clearance for FDI proposals and comprises the core Group of Secretaries of Department of Economic Affairs, Department of Industrial Policy & Promotion, Min. of Small Scale Industries, D/o Revenue, D/o Commerce, Min. of External Affairs and M/o Overseas Indian Affairs and co-opt other Secretaries to the Central Government and top officials of financial institutions, banks and professional experts of Industry and Commerce, as and when necessary. FIPB is chaired by the Secretary of the Department of Economic Affairs and its meetings are held regularly, within 3-4 weeks interval.

9.4.2 FDI proposals seeking FIPB approval are handled in this Department and proposals of NRI Investment, Foreign Technology transfer trademarks agreement and FDI in 100% EOUs are handled in the Department of Industries Policy & Promotion (DIPP). The FDI Policy and FDI Data are also handled in the DIPP.

9.4.3 During the year (upto 31.01.2016) 18 FIPB meetings were held in which 229 proposals with NRI inflow of approximately ₹ 57879.5 Crore were approved (includes proposals recommended for CCEA approval of ₹ 16708.51 Crores).

9.5 Foreign Trade Section

9.5.1 The Foreign Trade Section deals with various matters related to foreign trade in the country. Inputs on matters relating to financial services aspect of the WTO, and Regional Trade Agreements, Comprehensive Economic Cooperation Agreement (CECA) etc. which are negotiated under the aegis of Ministry of Commerce & Industry are provided by this section. The foreign exchange aspects relating to the import and export of gold and silver are also examined in this section.

9.5.2 **Introduction of Gold Monetization Schemes and Sovereign Gold Bond Scheme:** During the Financial year 2015-16, Gold Monetisation Scheme and Sovereign Gold Bond Scheme was launched by Hon'ble Prime Minister Shri Narendra Modi on 5th November, 2015. These schemes will benefit the manufacturers of gold jewellery who are largely small and medium scale enterprises, by making gold available to them. It will also benefit the common man by allowing him/her to earn interest on their holdings of gold. In the long-run, these schemes will help in reducing the country's demand for import of gold, to a large extent.

During the financial year 2015-16, three tranches of Sovereign Gold Bond Scheme were issued. Total Bonds equivalent of 4908 kg. amounting to ₹1320 crore (approx.) were purchased by approximately 4.50 lakh investor. Under the Gold Monetisation Scheme 1467 kilograms of gold have been deposited by 86 depositors so far.

9.5.3 Introduction of Indian Gold Coin: Hon'ble Prime Minister introduced Indian Gold Coin on 5th November, 2015. MMTC is the nodal agency for selling of the coins, where as the minting of these coins being done by the SPMCIL.

10. Multilateral Institutions Division

10.1 Introduction

10.1.1 The MI Division is concerned with policy matters of Multilateral Institutions like World Bank Group, International Monetary Fund (IMF), Asian Development Bank (ADB), African Development Bank, New Development Bank (NDB), Asian Infrastructure Investment Bank (AIIB) and related Institutions. MI Division is also the nodal point for facilitating and monitoring Externally Assisted Projects (Central & State Projects all over India) which are being implemented through Multilateral Development Banks and other related Trust Funds / Loans / Grants. In addition, it also deals with Global Alliance for Vaccines and Immunization (GAVI), the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), International Fund for Agricultural Development (IFAD) and Global Environment Facility (GEF).

10.2 World Bank Group

10.2.1 The World Bank is among the world's leading development institutions with a mission to fight poverty and improve living standards for people in the developing world by promoting sustainable development through loans, guarantees, risk management products, and (non-lending) analytic and advisory services. The World Bank is one of the United Nations' specialized agencies. The World Bank concentrates its efforts on achieving the Sustainable Development Goals (SDGs) aimed at sustainable poverty reduction.

10.2.2 India is member of four institutions of the World Bank Group viz., International Bank for Reconstruction and Development (IBRD); International Development Association (IDA); International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). India has been accessing funds from the World Bank (mainly through IBRD and IDA) for various developmental projects. MI division is the focal point for India being represented in the WBG meetings for

international level deliberations to discuss policy issues pertaining to the World Bank Group as also to undertake projects with assistance from the World Bank (IBRD and IDA).

10.3 World Bank Reforms

10.3.1 In the recent Capital Increase in IBRD (Spring Meetings, April 2010), India has been allocated additional 24,092 shares (through General Capital Increase and Selective Capital Increase). As a result India will become the 7th largest shareholder in IBRD with voting power of 2.91%. Before this revision, India's voting power was 2.77% at 11th position among shareholders. India has commenced its subscription of additional shares allocated following 2010 reforms. As on 30th December, 2015, India holds 67,040 shares amounting to US \$ 8087.37 million.

10.4 World Bank India Portfolio

10.4.1 At the end of December 31st, 2015, a total of 101 World Bank Projects are under implementation in India. Out of these, 33 are IBRD Projects (US\$ 8986 million), 68 are IDA Projects (US\$ 936 million and XDR 6664 million) and 09 are blend projects. The World Bank projects are spread across sectors like Urban, Transport Education, Health, Rural Development, Panchayati Raj Institutions, Irrigation, Water Supply Power, Environment & Forest etc.

10.5 Major activities pertaining to the World Bank in 2015

10.5.1 India as donor to IDA: India has recently graduated from IDA and is being provided transitional support during IDA 17. As a commitment to India's shared objective of eliminating extreme poverty, reducing vulnerability and increasing resilience across countries, India has decided to become donor to IDA with a contribution of US\$ 200 million to IDA 17 replenishment.

10.6 The Global Environment Facility (GEF)

10.6.1 The GEF operates as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits. GEF provides grants to eligible countries in its five focal areas: Biodiversity, Climate change, Land Degradation, international waters, chemicals and waste. It also serves as financial mechanism for the Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants (POPs), UN Convention to Combat Desertification (UNCCD), Minamata Convention on Mercury and supports implementation of the Protocol in countries with economies in transition for the Montreal Protocol on Substances that Deplete the Ozone Layer (MP).

10.6.2 India has been actively involved with GEF process right from its inception. It has been one of the donors to the GEF Trust Fund. The GEF Trust Fund is replenished every four years through a process in which countries that wish to contribute to GEF Trust Fund discuss and come to agreement on a set of policy reforms to be undertaken, the programming of resources and also pledge resources. The fifth cycle of the GEF Replenishment ended on June 30, 2014 and the GEF-6 (sixth replenishment of resources of the GEF Trust Fund) will fund four years of GEF operations and activities from July 1, 2014 to June 30, 2018. An amount of US \$ 3 Million has been paid as India's contribution in 2015-16 towards the payment of 2nd instalment of 6th Replenishment of GEF.

10.7 Meetings of Fund Bank

10.7.1 The Spring Meetings of the IMF-World Bank and associated meetings at the sidelines were held during April 13-19, 2015. The Finance Ministry delegation was led by the Union Finance Minister and comprised of Finance Secretary, CEA and other officers of DEA. The Development Committee deliberated on 'From Billions to Trillions - Transforming Development Finance Post-2015 Financing for Development - Multilateral Development Finance'.

10.7.2 The Annual Meetings of the World Bank and the IMF and other associated meetings on the sidelines took place in Lima, Peru from October 9-11, 2015. Indian Delegation was led by Union Finance Minister and comprised of Governor RBI, Secretary (EA), Chief Economic Advisor, and other officers from Ministry of Finance and RBI. The focus of the Development Committee was on the obstacles to ending poverty: climate change, weak growth, and the ongoing crises in fragile states. These meetings also provided opportunity of holding various bilateral meetings with various countries and organizations/ agencies.

10.7.3 The Finance Minister Shri Arun Jaitley during the Annual meeting in Lima emphasized the need for bigger financing and implementation plans by the World Bank Group to achieve the Sustainable Development Goals (SDGs); and need for the significant increase in the capital of the World Bank Group to meet the developmental objectives and review of the Bank's shareholding to reflect share of the developing countries in the global economy.

10.8 International Finance Corporation (IFC)

10.8.1 International Finance Corporation (IFC), a member of the World Bank Group, focuses exclusively on investing in the private sector in developing countries. Established in 1956, IFC has 184 members. India is founding member of IFC. IFC is an important development partner for India with its operations of

financing and advising the private sector in the country. India represents IFC's single-largest country exposure globally. IFC has committed over US\$15 billion in India since 1958. The IFC's investments in India are spread across important sectors like infrastructure, manufacturing, financial markets, agribusiness, SMEs and renewable energy. Keeping in alignment with the Country Partnership Strategy (CPS) of the World Bank Group in India, IFC focuses on low-income States in India. In last fiscal year, IFC invested US\$ 1.4 billion in India support infrastructure development, promoting financial inclusion, and enhancing access to quality and affordable healthcare. In the current fiscal year, IFC has invested US\$ 490 million so far across sectors like financial inclusion, manufacturing, healthcare, etc.

10.8.2 The Government of India approved an off-shore rupee linked bond issuance by IFC for an amount of US\$ 1 billion (INR 62 billion) in October 2013. The first tranche was issued in November 2013 and the programme was successfully closed, with the last of the six issuances, completed in April 2014. All issuances of maturities ranging from 3-7 year received strong interest from global investors. The programme showed that the main investor base for the rupee-linked bonds was in the US, followed by Europe and Asia and the investors were mainly asset managers and private bankers. IFC global rupee bonds are denominated in Indian rupee but settled in U.S. dollars, with all principal and coupon payments tied to the U.S. dollar-rupee exchange rate. IFC converts bond proceeds from dollars into rupees on the domestic spot exchange market, and uses the rupees to invest in the country.

10.8.3 Government of India approved the request of IFC for expansion of INR linked offshore bonds issuance by an additional amount of US\$ 2 billion over the next five years in October 2014, subject to the conditions: (i) Bonds issued by IFC should have a minimum maturity of three years and (ii) At least 50% of the total issuance should be of minimum five year tenor.

10.8.4 IFC launched a US\$ 2.5 billion rupee onshore bond programme in India on August 20, 2014 to strengthen capital markets and support infrastructure development in India. IFC launched and priced the four inaugural tranches of the Maharaja Bond Programme on September 23, 2014. The four tranches were issued in total for INR 6 Billion (~USD100million). Proceeds from the Bonds will be invested in infrastructure projects in India. The programme is expected to provide an alternative source of investment in India. It would also result in broadening of Indian capital market.

10.8.5 Masala Bonds: IFC issued a 10-year, 10 billion Indian rupee bond (equivalent to \$163 million) on November 8, 2014. The "Masala bonds" mark the first rupee bonds listed on the London Stock Exchange. The

bonds yield 6.3 percent. They are the longest-dated bonds in the offshore rupee markets, building on earlier offshore rupee issuances by IFC at three-, five-, and seven-year maturities. The vast majority of investors in masala bonds are European insurance companies. Proceeds from the offering were invested in infrastructure bond issuance by Axis Bank. Further, on August 3, 2015, IFC issued a green Masala bond, raising 3.15 billion rupees—approximately \$49.2 million—for private sector investments that address climate change in India. The bond, listed on the London Stock Exchange, is the first green bond issued in the offshore rupee markets. IFC will invest the proceeds of the bond in a green bond issued by Yes Bank, one of India's largest commercial banks. Yes Bank will invest the proceeds of its bond in renewable energy and energy efficiency projects, mainly in the solar and wind sectors. The bond yields 6.45% p.a. The bond is issued under IFC's \$3 billion offshore rupee Masala bond program. Under the program, IFC has issued bonds worth over 103 billion rupees (\$1.66 billion) in a range of tenors, building a triple-A yield curve and attracting new investors to the offshore rupee markets.

10.9 International Monetary Fund

10.9.1 India is a founder member of the International Monetary Fund, which was established to promote a cooperative and stable global monetary framework. At present, 188 nations are members of the IMF. Since the IMF was established, its purposes have remained unchanged but its operations - which involve surveillance, financial assistance and technical assistance - have developed to meet the changing needs of its member countries in an evolving world economy. The Board of Governors of the IMF consists of one Governor and one Alternate Governor from each member country. For India, the Finance Minister is the ex-officio Governor on the Board of Governors of the IMF. There are three other countries in India's constituency at the IMF, viz. Bangladesh, Sri Lanka and Bhutan. Governor, RBI is India's Alternate Governor.

10.9.2 Meetings of Board of Governors: The Board of Governors usually meets twice a year to discuss the work of the respective institutions, viz. the Spring meetings and the Annual meetings of the IMF and World Bank. At the heart of the gathering are meetings of the IMF's International Monetary and Financial Committee (India is represented by the Finance Minister in IMFC) and the joint World Bank-IMF Development Committee, which discuss progress on the work of the IMF and World Bank. The 2015 Spring Meeting of the International Monetary Fund and World Bank Group was held in Washington D.C from April 17-19 2015. The last Annual Meeting of the IMF and World Bank was held during October 9-11, 2015 at Lima, Peru. The 31st Meeting of the IMFC, which is an advisory body made up of 24 IMF Governors,

Ministers, or other officials of comparable rank, was held at Washington D.C on April 18, 2015 and the 32nd Meeting of the IMFC was held on October 9, 2015 and chaired by Mr. Agustín Carstens, Governor of the Bank of Mexico.

10.10 India's Quota and Ranking:

10.10.1 India's current quota in the IMF is SDR (Special Drawing Rights) 13,114.4 million, giving it a shareholding of 2.75%. India is the eighth largest member of IMF.

10.10.2 2010 IMF quota and governance reforms (14th General Reforms of quota) came into effect on January 26, 2016. India has paid for its quota increase. This entailed a payment of SDR 7292.90 million of which 25 % i.e. SDR 1823.225 million have been paid in reserve assets (SDRs or hard currency) and 75 % of the total increases i.e. SDR 5469.675 million in local currency. India paid the Reserve Asset portion through its SDR holdings and the local currency portion through creating non-negotiable and non-interest bearing securities. The new quotas became effective for India on February 18, 2016.

10.11 India's contribution to borrowing arrangements of the IMF

10.11.1 In April 2009, the G-20 agreed to increase the resources available to the IMF by up to \$500 billion (which would triple the total pre-crisis lending resources of about \$250 billion) to support growth in emerging market and developing countries, viz. through bilateral financing from IMF member countries; and by incorporating this financing into an expanded and more flexible New Arrangements to Borrow (NAB). In July 2010, India committed a maximum of up to USD 14 billion for the New Arrangements to Borrow (NAB). The new NAB became effective on April 1, 2011 and was activated for a period of six months till September, 2011 for a maximum amount of SDR 211 billion. Since then the enlarged and amended NAB has been activated nine times, latest activation from October 1, 2015 to end-March 2016 with a maximum activation amount of SDR 183 billion.

10.11.2 At the Los Cabos Summit of the G20 held on June 19th, 2012, BRICS countries have announced their contributions, including US\$ 10 billion by India. The total commitments amount to US\$ 461 Billion from 38 countries. The IMF has committed that these new resources will be drawn only if they are needed as a second line of defense after resources already available from quota and existing borrowing arrangements are substantially used. If drawn, they would be repaid with interest. It has been clarified that quota resources would remain the basic source of fund financing and that the role of borrowing is to temporarily supplement the quota resources.

10.11.3 This bilateral borrowing arrangement is in the

form of Note Purchase Agreements (NPA) and will be used as a second line of defence only if the resources under Quota and NAB are substantially exhausted. The Agreement for this borrowing programme 2012 has been finalized in consultation with Reserve Bank of India (RBI) and International Monetary Fund (IMF). The Note Purchase Agreement has been signed between RBI & IMF on 19.09.2013. A MOU has been signed between Government of India and RBI on 19th December, 2013.

10.11.4 Financial Transactions Plan (FTP): The Financial Transactions Plan of the International Monetary Fund is the mechanism through which the Fund finances its lending and repayment operations, to its members, in the General Resources Account. The members of the Fund can take loans from IMF with limits corresponding to their quota. IMF lends to its members in both foreign exchange and SD¹ Credit extended in foreign exchange is financed from the quota resources made available to the IMF by members. The creditor gets benefited as their position gets increased. When extending credit in SDRs, the IMF transfers reserve assets directly to borrowing members by drawing on the IMF's own holdings of SDRs in the General Resources Account.

10.11.5 India has agreed to participate in the FTP of the IMF with effect from the quarter Sept-Nov 2002. Effective participation in the FTP made India a creditor member with the IMF. Under this, India is asked to make a purchase (issuance of credit) or a repurchase (debt servicing by our debtor) under the FTP. By participation in FTP, India is allowing IMF to encash its rupee holdings as part of India's quota contribution, for hard currency which is then lent to other member countries who are debtors to the IMF.

10.12 Article IV Consultations

10.12.1 Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year, to review the economic status of the member countries. Article IV consultations are generally held in two phases. During this exercise the IMF mission holds discussions with the RBI and various line Ministries / Departments of Central Government. The Article IV Consultations are concluded with a meeting of IMF Executive Board at Washington DC which discusses the Article IV Report. The Annual Article IV Mission with International Monetary Fund concluded on December 15, 2015.

10.13 Asian Development Bank

10.13.1 India is a founding member of Asian Development Bank (ADB) that was established in 1966. The Bank is engaged in promoting economic and social progress of its developing member countries (DMCs) in the Asia Pacific Region.

10.13.2 ADB's authorized & subscribed capital stock is

US\$163.12 billion of which India's subscription is US\$10.3 billion. As of 21 July 2015, India is holding 6.3338% of shares, totalling 672,030 shares with 5.369% voting rights.

10.13.3 Payment of US\$17,295,198.68 (₹105,47,30,396 @ ₹60.984 per USD) in cash and Promissory Note of ₹157,22,37,331.20 (equivalent of US\$25,942,798.02 @ ₹ 60.604 per USD) has been done to ADB in October 2014 as the fifth & the last instalment towards the GCI-V.

10.13.4 CPS for India covering five year period (2013 to 2017) was approved by ADB Board in October 2013. The CPS 2013-2017 aims to support government's vision of faster, more inclusive, and sustainable growth envisaged under 12th plan. Over the last 8 years, ADB's annual lending has been around \$2 billion. The proposed 3-year lending program, reflected in the country operations business plan, 2016-2018, proposes a scale-up.

10.13.5 The Annual meetings are statutory occasions for Governors of ADB members to provide guidance on ADB administrative, financial, and operational directions. India participated in the 48th Annual Meeting of ADB during 2-5 May, 2015 held in Baku, Azerbaijan.

10.14 ADB's Portfolio with India

10.14.1 ADB assistance to India commenced in 1986. Average annual lending increased from US\$586 million during 1986-96 to US\$905 million during 1997-2002, to US\$1.094 billion during 2003-07 and to about US\$2 billion during 2008-15.

10.14.2 'The thrust of the ADB program in India is infrastructure development through the energy, transport, urban, and agriculture and natural resources sectors, with the finance and human development sectors providing cross-cutting support.

10.14.3 ADB's transport sector program aims to improve connectivity and accessibility, promote safe and environmentally friendly practices, and enhance in-country and sub regional trade corridors and facilities. The South Asia Sub regional Economic Cooperation (SASEC) Road Connectivity Investment Program is working toward these objectives.

10.14.4 Energy sector initiatives continue to contribute to the strengthening of transmission and distribution networks in India. Initiatives at the national level, and in the states of Assam, Gujarat, Himachal Pradesh, Madhya Pradesh and Rajasthan, aim to provide uninterrupted power supply to all, while promoting low-carbon solutions, renewable energy, and energy efficiency.

10.14.5 Key areas of focus for ADB in the urban sector are economic development through enhanced competitiveness of cities; improved sanitation and drinking water coverage; and improved water

management systems, institutions, regulations, and pricing. The urban program is aligned to better support Swachh Bharat Mission (Clean India Campaign), Atal Mission for Renewal and Urban Transformation (AMRUT), and Smart Cities Initiative—flagship programs of the government. Building on earlier ADB initiatives, the Rajasthan Urban Sector Development Program will contribute to sustainable urban development by supporting policy reform, institutional development, and improved governance and urban services in the state.

10.14.6 Contract award have also increased from \$550.5 million in 2004 to about \$2 billion in 2014, while loan disbursements have risen from \$381 million to \$1.4 billion over the same period.

10.14.7 The ADB program for the agriculture and natural resources sector supports water resource management, flood and coastal management, and agribusiness development.

10.14.8 ADB's human development sector program includes support to the national urban health mission, and national and state-level efforts in skill development, with a focus on quality and outcomes. The Supporting Additional Skill Acquisition Program in Post-Basic Education seeks to enhance the employability of youth in Kerala, by imparting market-relevant vocational training.

10.14.9 The 2015 program comprised 8 loans totalling \$1.82 billion, spanning six sectors of ADB operations. In addition, 14 technical assistance projects amounting to \$16.6 million were approved during the year. Key loans approved during the year are the Green Energy Corridor and Grid Strengthening Project, the Second Jharkhand State Roads Project, Supporting National Urban Health Mission, Rural Connectivity Investment Program—Tranche 3, and Accelerating Infrastructure Investment Facility—Tranche 2.

10.14.10 Technical Assistance (TA) program has evolved in line with the loan program. TA support is being used to build capacity, improve project preparedness and implementation, and undertake scoping studies and knowledge products.

10.15 African Development Bank

10.15.1 The African Development Bank Group comprises of (i) African Development Bank, (ii) African Development Fund and (iii) Nigeria Trust Fund. (iv) African Growing Together Fund (AGTF). The Bank Group is headed by the President.

10.15.2 African Development Bank: The African Development Bank (AfDB) was established in 1963 with membership being open only to regional countries with a view to promote the Economic Development and social progress of its regional members by providing finances

as well as Technical Assistance for Development Projects and programs. To mobilize external resources stimulating growth and accelerating the pace of development in Regional Member Countries, AfDB opened its membership in 1982 to non-regional members of the African Development Fund. With the overall objective of fostering south-south cooperation and keeping in view the historical ties India had with African Sub continent, India was one of the first few countries to become non-regional member of AfDB. India was admitted to the membership of the African Development Bank on 6th December, 1983. The headquarters of the bank is located in Abidjan, Cote d' Ivoire.

10.15.3 Membership: The Bank has 78 countries spread all over the world as its members. Out of these, 53 (excluding South Sudan) are African Countries called Regional Members and 25 are other countries called Non regional Members. All the members have been grouped into 20 Constituencies – 13 regional and 7 non-regional.

10.15.4 Structural Set-Up : The President is the Executive Head of the Bank. He is also the Chairman of the Board of Directors. He is elected for a period of 5 years with a right to re-election. Under him, there are five Vice Presidents and entire staff of the Bank. The Bank has two boards (1) Board of Governors and (2) Board of Directors. Each member country is represented in the Board of Governors by a Governor and an Alternate Governor. The Board of Governors is the highest policy making body of the Bank and meets annually.

10.15.5 The Board of Governors gives general directives concerning operational policy, amendments to the Bank Agreement, admittance of new members and election of the President etc. The Board of Directors comprises 20 Executive Directors representing 20 constituencies of the Bank. Out of these 13 are regional and 7 are non-regional. The board is responsible for conducting general business of the Bank.

10.15.6 India's Partnership with African Development Bank Group: India became a State participant of the African Development Fund on May 6, 1982 and was admitted to the membership of the African Development Bank on December 6, 1983. Finance Minister and Secretary, Economic Affairs are designated as Governor and Alternate Governor respectively to represent India.

10.15.7 With 16,446 votes, India account for 16,021 of the total shares. India has only 0.257% of voting powers. India supported and stands committed for 200% enhancement in the share capital of the Bank. As a result, the capital of the Bank has increased from UA 23.947 billion to UA 67.687 billion. Resultantly, India has been allocated 9,763 new shares (586 paid up and 9177 callable) having a capital value of UA 97,630,000. It has to pay eight annual instalments of UA 732500 (US\$

10,94,033), against which five instalments have been paid in 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. During 2015-16, India was allocated 1744 additional shares and made payment of ₹5.19 Crore to acquire these shares.

10.15.8 Nordic-India Constituency: India joined the Nordic Constituency comprising Norway, Sweden, Finland and Denmark. As per the allocation of shares among the regional and non-regional member states, regional members account for 60% of the voting power in the AfDB. The non-regional members account for remaining vote share. Among the non-regional member countries, USA is the leading stakeholder followed by Japan. India's share is only 0.257% of the voting power. However, Nordic + India (NI) together command 4.645% of voting power (as on 30th November, 2015).

10.15.9 African Development Fund: Established in 1972, the African Development Fund (ADF) became operational in 1974. It is administered by the African Development Bank and comprises State participants (donor countries) and recipient countries. Its main objective is to reduce poverty in Regional Member Countries (RMC) by providing loans and grants. The ADF contributes to the promotion of economic and social development in 41 least developed African countries by providing concessional funding for projects and programs, as well as technical assistance for studies and capacity-building activities. India holds 0.177% of the voting power in African Development Fund (ADF).

10.15.10 Contribution to African Development Fund: India is contributing to African Development Fund (ADF) in all its replenishment cycles. Efforts of India in salvaging the ADF 13 process were highly appreciated by the Bank. Keeping in view India's principled stand that replenishment of funds aimed at poverty reduction should see a real growth over past replenishments and with a view to enhance its engagement with Africa and AfDB, India decided to opt for the consolidation (or medium) scenario where our contribution would be UA 12,364,333 (or ₹104.58 crores), paid with the option of 10 year standard encashment schedule. This meant a 57% increase over our ADF-12 contribution of ₹66.33 crores in INR terms (31% increase in UA terms over ADF-12 contribution of UA 9,427,031 – Unit of Account is the terms of replenishment). Out of total pledge of ₹104.58 crore towards India's contributions to the ADF-13, Promissory Note of an amount of ₹68.33 crore have been issued in favour of ADF during 2013-14 and 2014-15 which will be encashed as per the India's encashment schedule of ADF-13. Third and Final instalment of India's contribution will be paid in 2015-16.

10.15.11 Contribution to Multilateral Debt Relief Initiatives (MDRI) of ADF : India is also a participant in MDRI initiative of ADF. This is in addition to regular ADF

replenishment contribution. In 2005, it was decided that IDA (International Development Association), the African Development Fund (ADF) & IMF would cancel 100% of their debt gains against countries which have reached or will reach completion under the enhanced Highly Indebted Poor Countries (HIPC) initiative. This would be financed by MDRI of ADF.

10.15.12 India's contribution to MDRI of African Development Fund is UA 14.11 million over a long period from 2006-2054 against which a sum of ₹13.04 Crore has been paid during 2006-07 to 2014-15. During 2015-16, ₹2.57 Crore will be contributed by India.

10.15.13 Technical Cooperation Agreement: Technical Cooperation Agreement (TCA) was drawn up between Government of India, African Development Bank (AfDB) and African Development Fund (ADF) in July 1998. Under this agreement, a sum of US\$ 3.39 million (Indian Rupees 15 crores) had been placed at the disposal of AfDB as a grant. The grant was to be utilized for financing consultancy services, training and other techno-economic activities. The initial tenure of the agreement was for three years, i.e. up to 26th July, 2001. The validation of TCA was extended up to December, 2010 and then upto 2015.

10.15.14 TCA was renewed in May, 2015 for a period of five years and India's contribution has doubled from ₹30 Crore to ₹60 Crore. A budget provision of ₹10.00 Crore was made during 2015-16 to be released as first tranche under the Agreement.

10.16 International Fund for Agricultural Development (IFAD)

10.16.1 International Fund for Agricultural Development (IFAD) was set up in 1977 as the 13th specialized agency of the United Nations. It is dedicated to eradicating poverty and hunger in rural areas of developing countries. 176 countries are members of the IFAD, and these are grouped into three countries, comprising List - A: Developed Countries, List - B: Oil Producing Countries and List - C: Developing Countries. India is in List - C.

10.16.2 India is one of the founder members of International Fund for Agricultural Development (IFAD), and has so far contributed US\$ 147.0 million towards IFAD's resources. India has pledged to contribute an amount of US\$ 37 million to the 10th Replenishment cycle of IFAD (during 2016-18).

10.16.3 During the 39th Session of Governing Council (GC) of IFAD, India's Governor to the Fund was unanimously elected as the Chairman of the GC for a two year term. India is also a member of the Executive Board of IFAD.

10.16.4 Since 1979, IFAD has provided financial assistance to 28 projects in India in the field of agriculture,

rural development, tribal development, women's empowerment and natural resource management with a commitment of US\$ 928.6 million (approx.). Out of these, 18 projects have completed. Presently, ten projects with a total assistance of US\$ 452.04 million are under implementation in various states.

10.16.5 The Department of Economic Affairs had posed a proposal for a top-up assistance of US\$ 21 million approximately for "Post Tsunami Sustainable Livelihood Programme, Tamil Nadu" in July, 2015 which has since been approved by the Fund.

10.16.6 Since 2013, IFAD loans are provided to India at a fixed interest rate of 1.25 percent plus a service charge of 0.75 percent per annum, and with a maturity period of period of 25 years including a grace period of 5 years. However, the project which were signed prior to the introduction of a new Blend Term of loan by IFAD in 2013, IFAD loans are repayable over a period of 40 years including a grace period of ten years and carry no interest charges.

10.16.7 The Loan Agreement for a new Project "Odisha PTG Empowerment and Livelihood Improvement Programme (OPELIP)" was signed between Government of India and the IFAD on 18th March, 2016 for an external assistance of US\$ 51.2 million from the Fund.

10.17 Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)

10.17.1 The Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund/GFATM) is an international financing organization that aims to attract and disburse additional resources to prevent and treat HIV and AIDS, Tuberculosis and Malaria. The organization is a public-private partnership with Secretariat at Geneva, Switzerland. The organization began operations in January 2002. GFATM supported programs have estimated to have saved 17 million lives since 2002.

10.17.2 As per the 'Multi-Year Contribution Agreement' signed between Government of India, GFATM and IBRD (as Trustee of the Trust Fund for Global Fund) on 27th January 2014, India has committed USD 16.50 million to GFATM for the period 2013 – 2016. India's contributions for the year 2015 USD 4.5 million was paid in June 2015.

10.17.3 A country framework agreement has been signed by the DEA with Global Fund on 30.9.2015 as per the requirement of Global Fund's new funding model. The DEA has also signed Grant Confirmation Agreements for incremental grant of US\$ 189,486,644, US\$ 195,921,415 and US\$ 61,062,277 in respect of HIV/AIDS, Tuberculosis and Malaria programs respectively with the Global Fund under the new funding model. These programmes are implemented by Ministry Of Health and Family Welfare.

10.18 The Global Alliance for Vaccines and Immunizations (GAVI Alliance):

10.18.1 The GAVI Alliance (formerly the Global Alliance for Vaccines and Immunization) was founded in 2000 to reduce the historical gap in access to life saving vaccines and reduce child mortalities. GAVI's mission is to save children's lives and protect people's health by increasing access to immunization in poor countries. GAVI is estimated to have contributed to the immunization of additional 500 million children and in prevention of approximately seven million future deaths with contribution of about US\$ 12 billion till 2015.

10.18.2 India is not only a recipient, but also a contributor to GAVI Alliance. India has committed to contribute USD 1 million per annum for the years 2013 – 14 to 2016 – 17 to the GAVI Alliance. A 'Contribution Agreement' for this purpose between Department of Economic Affairs, on behalf of Government of India, and GAVI Alliance was signed in January, 2014. The third instalment of India's contribution GAVI Alliance for 2015-16 has been paid in November 2015. A framework agreement between the Government of India and GAVI Alliance was signed on 16.6.2015.

11. Multilateral Relations Division

11.1 G-20

11.1.1 G-20 is a premier forum for international cooperation on issues of global economic and financial agenda and to promote open and constructive policy discussions between developed and Emerging Market Economies. India as a member of G20 has been actively engaged in global economic governance and in shaping the world order.

11.1.2 The first G20 Summit was held in November, 2008 in Washington DC under the shadow of the greatest financial crisis in the postwar era. This was followed by ten summits held in London (April, 2009), Pittsburg (September, 2009), Toronto (June, 2010), Seoul (November, 2010), Cannes (November, 2011), Los Cabos (June, 2012), St. Petersburg, (September, 2013), Brisbane (November 2014) and Antalya (November 2015). The current Presidency of G20 is with China and the Summit is scheduled to be held in Hangzhou on 4-5 September, 2016.

11.2 Major Outcomes of the G20 Turkish Presidency in 2015

11.2.1 The G20 Turkish Presidency in 2015 had pledged to structure leaders' discussion around the following key pillars:

- Strengthening the Global Recovery and Lifting the Potential
- Enhancing Resilience
- Buttreasing Sustainability

11.3 G20 Summit 2015

11.3.1 The G20 Summit 2015 was held on 15-16 November 2015 in Antalya, Turkey. The Summit marks the culmination of a year long process of inter-governmental negotiations and discussions among G20 countries on issues of economic and financial cooperation. India was represented in the Summit by Hon'ble Prime Minister Shri. Narendra Modi accompanied by officials from DEA and MEA.

11.3.2 At this year's Summit in Antalya, Leaders committed to undertake a number of concrete actions to strengthen the global economy, make global growth more inclusive, enhance the resilience of the international financial system, mobilize investment to raise long-term growth, strengthen multilateral trading system and implement previous commitments on economic reform and labour markets.

11.3.3 Significant decisions adopted at the recently concluded G20 Summit 2015 includes:

- Leaders agreed to implement sound macroeconomic policies in a cooperative manner, implement fiscal policies flexibly to take into account near-term economic conditions, so as to support growth and job creation, and promote financial stability through appropriate frameworks, including by ensuring an adequate global financial safety net.
- Leaders agreed to the goal of reducing the share of young people who are most at risk of being permanently left behind in the labour market by 15% by 2025 in G20 countries.
- Leaders agreed to address current opportunities and challenges brought into the labour markets through such issues as international labour mobility and the ageing of populations.
- Leaders encouraged Multilateral Development Banks (MDBs) to mobilize their resources, optimize their balance sheets, and catalyze private sector funding
- Leaders committed to working together for a successful Nairobi Ministerial Meeting that has a balanced set of outcomes, including on the Doha Development Agenda, and provides clear guidance to post-Nairobi work. Leaders agreed on need to increase efforts to implement all the elements of the Bali Package, including those

on agriculture, development, public stock holding as well as the prompt ratification and implementation of the Trade Facilitation Agreement.

- Leaders endorsed the package of measures developed under the ambitious G20/OECD Base Erosion and Profit Shifting (BEPS) project to reach a globally fair and modern international tax system
- Leaders committed to building a global culture of intolerance towards corruption by endorsing the G20 High-Level Principles on Integrity and Transparency in the Private Sector, G20 Anti-Corruption Open Data Principles and the G20 Principles for Promoting Integrity in Public Procurement.
- Leaders agreed to develop an action plan in 2016 to further align work with the 2030 Agenda and endorsed the G20 Action Plan on Food Security and Sustainable Food Systems, to improve global food security and nutrition.
- Leaders agreed to take concrete actions towards commitments to reduce the global average cost of transferring remittances to five percent with a view to align with the SDGs and Addis Ababa Action Agenda
- Leaders also underscored their commitment to underscore our commitment to reaching an ambitious agreement in Paris that reflects the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances.

11.4 G20 Chinese Presidency 2016

11.4.1 China has taken over the G20 Presidency from 1st December 2015. The Chinese Presidency will be based on the following themes:

- **Innovation** as an important driving force for global sustainable growth.
- An **invigorated** world economy based on and requiring the participation of all stakeholders.
- A globalized world, with interconnectivity between growth and development in different countries
- More **inclusive** growth, through concrete actions to reduce inequalities and imbalances in global development.

11.5 Chinese Presidency Priorities in G20

11.5.1 Under the theme of the Summit "*Towards an Innovative, Invigorated, Interconnected and Inclusive World Economy*", the Chinese Presidency has organized

the agenda for G20 Sherpa Track in 2016 around four baskets of priorities, namely:

- 1) **Breaking a new path for growth:** The proposed deliverable by China in this basket is to launch a Blueprint / Framework focusing on mid-to-long-term growth in Hangzhou incorporating the following elements: innovation, structural reform, new industrial revolution and digital economy.
- 2) **More effective and efficient global economic and financial governance;** This agenda will cover international financial architecture, financial sector reforms, international tax, green finance, energy and anti-corruption and aims at ensuring a fair, efficient and effective institutional environment that facilitates growth and enhances resilience
- 3) **Robust international trade and investment;** The proposed deliverables under this basket are a) Reinforcing Trade and Investment Cooperation Mechanism b) Supporting the Multilateral Trading System c) Promoting Global Trade Growth d) Promoting Inclusive and Integrated Global Value Chains e) Enhancing Cooperation and Coordination on Global Investment Policy
- 4) **Inclusive and interconnected development:** To implement the **2030 Agenda for Sustainable Development**, the G20 will prepare an Action Plan for leader's consideration at the 2016 Summit.
- 5) The G20 Summit 2016 will be held on 4-5 September 2016 in Hangzhou, China.

11.6 India Becomes a Signatory to Asia Infrastructure and Investment Bank (AIIB)

11.6.1 AIIB is a multilateral development bank mooted by China, which will foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors. On June 24th 2015, the Union Cabinet approved that India may sign the Articles of Association(AoA) of AIIB. India and 49 other Prospective Founding Members of AIIB signed the AoA in a signing ceremony held in Beijing on June 29th, 2015. In its Cabinet Meeting held on 18th November, 2015 the proposal to ratify the AoA has also been approved. The Presidential assent has been received and the signed instrument of ratification has been deposited with the Depository (Government of People's Republic of China). The inaugural meetings of the Board of Governors and the Board of Directors and AIIB was held on January 16-18, 2016 in Beijing, China.

11.7 Establishment of New Development Bank (NDB)

11.7.1 New Development Bank has been established by BRICS countries in Shanghai, China. The Bank will mobilize resources for infrastructure and sustainable development projects in BRICS countries, other emerging economies and developing countries. It will complement the existing efforts of multilateral and regional financial institutions. Mr. K.V. Kamath, has taken over as the first President of the Bank. NDB is expected to make its first lending by April, 2016.

11.8 Establishment of Brics Contingent Reserve Arrangement (CRA)

11.8.1 Most of the foundation work for the establishment of CRA by BRICS countries has been completed in 2015. The Governing Council Procedural Rules and Standing Committee Procedural Rules were approved by the Governing Council in its inaugural meeting held on September 4, 2015. The establishment of a self-managed contingent reserve arrangement would have a positive precautionary effect, help BRICS countries forestall short-term liquidity pressures, provide mutual support and further strengthen financial stability. It would also contribute to strengthening the global financial safety net and complement existing international arrangements as an additional line of defense.

11.9 Concessional Financing Scheme

11.9.1 Government of India has approved the proposal for providing a concessional financing scheme to support Indian companies bidding for strategically important infrastructure projects abroad on 16th September 2015. The salient features of this Scheme are as under:

- (a) The repayment of the loan would be guaranteed by the foreign Government.
- (b) The strategic importance of a project, to deserve financing under this scheme, will be decided, on a case by case basis, by a Committee chaired by Secretary (DEA) and will have members from Department of Expenditure, Ministry of External Affairs, Department of Industrial Promotion and Policy, Department of Commerce, Department of Financial Services and Ministry of Home Affairs. The Deputy National Security Adviser will also be a member of this Committee.
- (c) The Committee will have powers on conditions within reasonable limits, on a case by case basis, during these first two years of implementation of the Scheme.
- (d) The projects financed under these terms will be

monitored by the Committee. The Committee will also consider financing strategic projects through Public Sector banks other than EXIM Bank on the same terms.

- (e) The Committee may insist on sourcing of at least 75% of the project requirements from India, if it is found compatible with the requests for bids.
- (f) The experience with this scheme will be evaluated after two years.

11.10 Creation of Special Purpose Facility

11.10.1 This Facility has been set up following the announcement of the Hon'ble PM in the SAARC Summit held in November, 2014. The Facility has been created with the aim to finance infrastructure projects in the South Asian Region and has been set up in the new wing of EXIM Bank's Delhi office. The operational policy guidelines of this Facility are being currently drafted.

11.11 SAARC and SAARC Development Fund (SDF)

- (i) The 7th Meeting of SAARC Finance Ministers and Finance Secretaries were held on 19th and 20th of August, 2015. The Indian delegation for these Meetings were led by Shri. Jayant Sinha, Minister of State (Finance). Some of the major issues that were deliberated in these meeting were currency swap arrangements among SAARC member nations, facilitating greater flow of capital and intra-regional investment and developments in SAARCFINANCE.
- (ii) The 4th Meeting of the SDF Governing Council was held on 20th August, 2015. The meeting mainly discussed on the ways of strengthening SAARC Development Fund and establishing its ways forward.
- (iii) The 21st and 22nd Board Meetings of SAARC Development Fund were held in April and August 2015 respectively in Kathmandu, Nepal.

11.12 Framework on Currency SWAP Arrangement for SAARC Member Countries

11.12.1 The Union Cabinet on 18th of November 2015 has approved the extension of the validity of the Framework on Currency Swap Arrangement for SAARC Member Countries with amendments for two more years upto November 2017. The Framework aims at providing a line of funding for short term foreign exchange requirements or to meet balance of payments crises till longer term arrangements are made or the issue is

resolved in the short-term itself. Bhutan had availed the facility in 2013 and Sri Lanka availed it in 2015. India has also provided adhoc/special swap facility worth USD 1.1 billion to Sri Lanka in 2015.

11.13 United Nations Development Programme (UNDP)

11.13.1 Government of India and the United Nations Development Programme have entered into an agreement to govern UNDP's assistance to the Special Agreement concerning Technical Assistance between UN Organizations and the Government of India. The country-specific allocation of UNDP resources is made every five years under the Country Programme Action Plan (CPAP) which usually synchronizes with India's five year plans. The aim of the current CPAP 2013-2017, signed on 1.3.2013, is to support the Government's efforts to promote rapid, inclusive sustainable growth that benefits the most excluded through partnerships with Ministries, Departments and civil society. The ongoing CPAP 2013-2017 is in harmony with the 12th five year Plan's thrust on inclusive growth and concentrates on the four UN Development Action Framework (UNDAF) outcomes namely: a) inclusive growth and poverty eradication; b) democratic governance; c) sustainable development; d) gender equality and inclusion. It primarily concentrates on the goals namely: democratic governance; poverty reduction; HIV and Gender Equality and inclusion; disaster risk management and energy and environment focusing on nine states: Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Assam, Maharashtra and Uttar Pradesh. The total resource allocation for the Country Programme 2013-2017 stands at US \$ 260 million out of which projects worth US\$ 249.23 million has already been sanctioned. India's annual contribution to the UNDP has been to the extent of US \$ 4.5 million.

12. Aid Accounts & Audit Division (AAAD)

12.1 Introduction

12.1.1 AAAD under Department of Economic Affairs implements the financial covenants of external Loans/ Grants obtained/ received by Government of India from various Multilateral and Bilateral donors. Main functions handled by this Division are processing claims received from Project Implementing Authorities, to draw down funds from various donors and timely discharge of debt servicing liability of Government of India. Besides, this Division is responsible for maintaining loan records, External Debt Statistics, Compilation of various

management Information Reports, Publication of External Assistance Brochure on annual basis, and framing of estimates of External Aid Receipts and Debt servicing. In addition, audit of Authorizations issued by DGFT offices for Export Promotion is also conducted by this Division. The division is ISO 9001:2008 certified since 2007 for its functions related to External Assistance.

12.2 Performance/Achievement during Financial Year 2015-16 (till 15th January, 2016)

12.2.1 Receipt of External Loans/ Credits in the financial year 2015-16 stands at ₹21993.13 crore and Assistance in the form of Cash Grant was ₹1827.45 crore. Debt service payments made during 2015-16 are ₹18660.91 crore on account of principal repayment, ₹2783.76 crore on account of interest payment and ₹ 113.65 for commitment charges & other charges.

12.3 E-Governance

12.3.1 Activities of AAAD are computerized since April 1999. The "Integrated Computerised System" (ICS), covers all activities in the loan cycle including preparation of budget Estimates for External Assistance receipt and debt servicing, processing of claims, repayment of debt and maintenance of Debt records. The report generation system has been upgraded during 2013-14 to allow generating various reports using multiple options, to provide more focused input for replies to Parliamentary Questions etc.

12.3.2 The Division's Web site <http://aaad.gov.in> disseminates data on External Assistance received and repayment made along with status of various activities in this division for benefit of Credit Divisions of DEA, State Governments, PIAs, Donors, general public and other stakeholders. This website is updated on daily basis. Comprehensive data about Disbursed and Outstanding Debt (DOD) in respect of External Sovereign borrowing and soft copies of Annual External Assistance Brochures are also available on the website for easy reference of all stakeholders.

12.3.3 E-Governance by way of accepting and processing/forwarding of the draw down claims has been initiated by this Division. PIAs for World Bank and ADB projects submit e-claims along with Statement of Expenditure (SOE)/ Interim Unaudited Financial report (IUFR). This results in avoidance of time/transit loss of SOE claims and faster disbursements. Claims to World Bank, are also processed in E-disbursement mode through World Bank software/client connection by this division. Claims disbursed by World Bank within seven days have increased from 70% to 90%. Information capture under e-disbursement (viz. category-wise expenditure, details or prior review contract) is more detailed as compared to before.

12.3.4 In order to familiarize the officers/staff of the PIAs training on E-submission is being organized by this Division periodically. 170 Officers/staff members of different PIAs were imparted training during 2015-16. As a result of these initiatives, 425 e- claims have been received, processed and disbursed in the financial year 2015-16.

12.4 Standards & Improvements in service delivery

12.4.1 All the activities of this Division have been organized hierarchically and standards in terms of time span at each level for their accomplishment have been defined. The standards set out are being adhered to by close monitoring. Clients of this divisions are well defined consisting of three group i.e. PIAs, Funding Agencies and other stakeholders. Service to be rendered to these groups is also well defined i.e. smooth and quick disbursement of the Loans/Grants, timely debt servicing and to provide managements information as and when required.

12.4.2 As part of the ISO system, quarterly Management review Meetings (MRMs) with all section heads are held where performance is critically reviewed and methods/suggestions for maintenance/improvement of the service delivery standards discussed.

12.4.3 Above system is being followed with a view to ensure quality service delivery in a defined time frame.

12.5 Audit under Export Promotion

12.5.1 AAAD carries out audit of Export Licenses issued by Director General of Foreign Trade located at various stations. During the financial year 2015-16 (upto 31.12.2015) total 30374 Files relating to 25 regional offices were audited and 1435 audit memos issued. A sum of ₹13.50 Crore was recovered during the period, by DGFT offices based on audit observations made by this office.

13. Administration Division

13.1 Functions

13.1.1 Administration Division is responsible for personnel and office administration, implementation of Official Language policy of the Government, implementation of the Right to Information Act, 2005 Grants-in-aid, redressal of public grievances, training of officials, Record Retention Schedule, Complaints Committee on Sexual Harassment of Women Employees etc.

13.2. Staff Strength

13.2.1 The staff strength in Department of Economic

Affairs and its attached/sub-ordinate offices/statutory bodies along with the representation of Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and persons with Disabilities therein is given in Annex. I & II respectively.

13.3. Complaints Committee on Sexual Harassment of Women Employees

13.3.1 In compliance with the Supreme Court's Judgment dated 13 August, 1997 in the Visakha Case relating to preventions of sexual harassment of women at work place, a Complaints Committee for considering complaints of sexual harassment of women employees in Department of Economic Affairs is in existence in the Department.

13.4 Training of Staff Members

13.4.1 Department of Economic Affairs deputed its officials for training to ISTM and other institutes to increase their efficiency and improvement in the quality of their work. During the period 1.1.2015 to 31.12.2015, a total of 29 officials/officers of this Department were deputed to Institute of Secretariat Training and Management (ISTM), New Delhi for undergoing cadre trainings and other trainings programmes.

13.5 Redressal Of Public Grievances:

13.5.1 A Centralized Public Grievances Redressal And Monitoring System (CPGRAM) is operational within the Government which attends to all the Public Grievances related to various Ministries/Departments. During the year 2015 a total of 5917 fresh public grievance cases were received in the Department besides 416 brought forward from the previous year. Out of these 6333 cases, 5701 cases were disposed off during the year.

13.5.2 Joint Secretary (ABC) has been nominated as the Public Grievances Officer of Department of Economic Affairs. His contact details have been displayed on the PGRM portal (<http://pgportal.gov.in>)

13.6 Right To Information Act, 2005

13.6.1 In order to facilitate dissemination of information under the provisions of the Right to Information Act, 2005, Department of Economic Affairs has initiated the following actions:

- (i) An RTI Section has been set up to collect, transfer the applications under the RTI Act, 2005 to the Central Public Information officer/Public Authorities concerned and to submit the quarterly returns regarding receipt and disposal of the RTI applications/appeals to the Central Information Commission.

- (ii) Details of the Department's functions along with its functionaries etc. have been placed on the RTI portal of the Departments official website (www.finmin.nic.in) as required under section 4(1) (b) of the RTI Act.
- (iii) All Under Secretaries/Deputy Director/Assistant Director/Economic Officer level officers have been designated as Central Public Information Officers (CPIOs) under section 5 (1) of the Act, in respect of subjects being handled by them.
- (iv) All Deputy Secretaries/Directors/Addl. Economic Adviser have been designated as First Appellate Authorities in terms of Section 19 (1) of the Act, in respect of US/DD working under them and designated as CPIOs.
- (v) To facilitate the receipt of applications under the RTI Act, 2005 a provision has been made to receive the applications at the facilitation counter of the Department at Gate No.8. The applications so received are further forwarded by the RTI section to the CPIOs/Public Authorities Concerned.
- (vi) During the calendar year 2015, 1990 RTI applications and 159 appeals, including 1537 online applications and 124 appeals, were received. An amount of ₹13,087/-(Rupees Thirteen thousand and eighty seven only) was collected as fee under the RTI Act.

13.7 Use of Hindi in Official work

13.7.1 During the year under report, progress made in the implementation of various provisions under the Official Language policy of the Government continues to be reviewed.

13.7.2 All documents were provided bilingually to the Parliament. Section 3(3) of the Official Language Act, 1963, and Rule 5 of Official Language Rules, 1976 made thereunder and other instructions issued by the Department of Official Language were fully complied with. Following steps were taken in the Department to promote the use of Hindi in official work during the year which includes :

- i. Annual Programme for the year 2015-16 issued by the Department of Official Language was circulated to all the attached/subordinate offices/divisions /sections under the Department and all efforts were made to achieve the targets fixed therein;
- ii. Hindi Salahkar Samiti of the Department of Economic Affairs (including Department of Financial Services) has been reconstituted vide F.11011/1/2014-HIC dated 7th October, 2015

and published in the Gazette of India, part-I, Section-I;

- iii. In order to remove the hesitation amongst officials to do their official work in Hindi and to acquaint them with the rules and other instructions regarding the Official Language policy of the Government, Hindi workshop were organized. The participants were given rewards and reference and helping literature;
- iv. Hon'ble Minister of Finance in his "Message" on the occasion of Hindi day on 14th September, 2015 appealed to the officers and staff of the Ministry of Finance as well as the Offices under its control to do their official work in Hindi;
- v. To create a conducive atmosphere in the Department for promoting the progressive use of Hindi, "Hindi Month" was celebrated during 1st to 30th September, 2015;
- vi. The authors Under the Scheme of incentives on Original Book writing in Hindi on Economic subjects are awarded the first, second and third prizes of ₹50,000/-, ₹40,000/- and ₹30,000/- respectively. It is an ongoing scheme;
- vii. The website of the Department is bilingual. Besides other material, all Budget documents, Economic Survey and other publications and important circulars are uploaded simultaneously in Hindi and English;
- vii. Some of the sections of the Department and other offices under its control were inspected to see the extent upto which the Official Language Act, the rules made thereunder, the Annual Programme and the orders and instructions etc. relating to Official Language are being complied with; and
- viii. Meetings of the Official Language Implementation Committee of the Department were held regularly in which the progress of implementation of Official Language policy was reviewed and appropriate action on the suggestions given therein was taken.

13.8 Finance Library & Publication Section; 2015-16

13.8.1 INTRODUCTION

13.8.1.1 Finance Library & Publication Section was established in 1945. Finance Library functions as the Central Research and Reference Library in the Ministry and caters the needs of Officials of all the Departments,

Ad-hoc Committees and Commissions set from time to time and research scholars from the various universities in India as well as abroad. This Library also serves as the Publications Section of the Ministry, coordinating in the procurement and distribution of official documents with the various institutions/individuals on demand in India and abroad.

13.8.1.2 Finance Library has been categorized as Grade III Library on the basis of Department of Expenditure's O.M. No. 19(1)/IC/85 dated 24.07.1990. All the posts in the library are ex cadre posts.

13.9 Collection

13.9.1 Library has specialized collection of more than two lakh documents on Economic and Financial matters and subscribe to more than 800 periodicals/newspapers annually and databases like Agriwatch and Indiastate. Access to e-journals and back-filed collection through JSTOR is also available.

13.10 Electronic Resources

Electronic Resources Include The Following CD-ROM Databases

- DDO Manual
- DGCI&S - Foreign Trade Statistics of India
- DGCI&S - Statistics of foreign Trade of India
- DGCI&S - Monthly Statistics of Foreign Trade of India
- Government Accounting Rules, 1990
- IMF - Balance of Payments Statistics
- IMF - Direction of Trade Statistics
- IMF - Government Finance Statistics
- IMF - International Financial Statistics
- India - Civil Accounts Manual, rev. 2nd edition, 2007
- India - Economic Survey
- India - Pay Commission Report (1st, 2nd, 3rd, 4th, 5th and 6th)
- India- Union Budget
- List of Major and Minor Heads of Accounts
- RBI – Banking Statistics & Basic Statistical Returns
- Receipts and Payments Rules
- The World Bank - World Development Indicators
- The World Bank - Global Development Finance

UN- International Trade Statistics Year Book
Vigilance Manual

13.11 Services

13.11.1 Library provides different kinds of services viz. lending, inter-library loan, consultation, reprographic, circulation of newspapers and magazines, reference service, current awareness service through "WEEKLY BULLETIN" as well as providing services through e-mail. The Finance Library also undertakes the work of distribution of publications of Ministry of Finance and Reserve Bank of India to State Governments, Foreign Governments and renowned institutions in India as well as abroad.

13.11.2 A useful links is also being provided on intranet by the Library which helps the readers in search and download full text of reports and data.

13.11.3 The Finance Library also undertakes the work scanning the public grievances appearing in the leading newspapers relating to the Department of Economic Affairs.

13.12 Publications

13.12.1 Finance Library brings out three (print + online) publications i.e. "Weekly Bulletin", "Current contents", and "Annual Bibliography".

13.13 Digital Records:

13.13.1 Finance Library undertook a project in which the full text of Ministry of Finance, Gazette Notifications published in the Pt. 2 Sec. 3 Sub-section (i) (ordinary)] for the year 1975 to 1980 have been digitized.

13.13.2 The Library also undertook a project for full text digitization of Indian Official Documents relating to Economic and Finance Subject (Center and State). The purpose of this project is that the whole document will be made available on line for the use of readers of this Ministry. The images of documents are being transferred into server and server will be attached with intranet website of the Library and thus the e-documents can be access on finance.nic.in. The Library has digitized more than 21 lac pages so far.

13.14 Computerisation

13.14.1 The Library has computerized almost all its activities. The Library uses LIBSYS Library package for database management, retrieval, Library automation and other in-house jobs. The internet facility is also available in the library through which information is provided to the officers of Ministry of Finance.

Accessibility of the online data is concern; a link from internet site "finance.nic.in" is made available to access the information.

13.14.2 Other works: Modernization and infrastructure improvement was under taken by the Library and 90% work has been completed

14 Bilateral Cooperation Division

14.1 Bilateral Official Development Assistance policy:

14.1.1 India has been accepting external assistance from bilateral partners in the form of loans, grants and technical assistance for development of infrastructure, social sector and for enhancement of knowledge/skills of Indian nationals at both Centre and States level. As per the guidelines issued by this Department in 2005, bilateral development assistance can be accepted from all G-8 countries, namely USA, UK, Japan, Germany, France, Italy, Canada and the Russian Federation as well as from the European Commission. European Union countries outside the G-8 can also provide bilateral development assistance to India provided they commit a minimum annual development assistance of USD 25 million.

14.1.2 The existing policy on bilateral Official Development Assistance (ODA) was reviewed in November, 2015 and it has been decided that ODA may be accepted from other countries also. Finance Minister and External Affairs Minister, with the approval of Prime Minister have been authorized to accept any such proposal. It has also been decided to accept offers of bilateral assistance in the form of "special loans" (i.e. loans which have conditions for sourcing of procurement or executing agency from the funding country) in addition to the assistance on the normal route. A revised set of guidelines have been issued in December, 2015.

14.2 Germany

14.2.1 The Federal Republic of Germany is providing financial and technical assistance to India since 1958. The present priority areas for bilateral Development Cooperation Programme are: energy; environmental policy; protection and sustainable use of natural resources and sustainable economic development. The Government of Germany made total commitment of € 1490.60 Million (approx. 10880 crore) in 2015 for financial as well as technical assistance for implementing various projects in India.

14.2.2 The agreements for € 310 million (approx. ₹2,263 crore) for five projects were signed during the year 2015-16 (up to December 2015). During 2015-16 (upto December 2015), Germany has disbursed financial assistance of ₹525.61 crore under the Government

projects. The total disbursement including the Non-Government projects during this period was ₹994.34 crore (approx.).

14.3 France

14.3.1 The Government of France has been extending development assistance to India since 1968. The present French development assistance is being provided through the French Agency for Development (AFD). The Memorandum of Understanding in this regard was signed between Department of Economic Affairs and AFD on 29.09.2008. This MoU was revised in May 2012. The priority areas for AFD financing in India are projects contributing to the Sustainable Management of Global Public Goods, inter-alia (i) energy efficiency and renewable energy within the framework of the National Action Plan on Climate Change (NAPCC), (ii) urban infrastructures (public transport, water, etc., through sustainable development projects and infrastructure development programmes such as JNNURM or UIDSSMT, and (iii) the preservation of bio-diversity. AFD has proposed to make commitment of € 250 million (approx. ₹1,800 crore) in 2015 for financial assistance for implementing two projects in India.

14.4. India-UK Bilateral Development Cooperation Programme

14.4.1 The United Kingdom (UK) has been providing development assistance to India since 1958. Development assistance from UK in the form of grants, is received mainly for achieving the Millennium Development Goal (MDG) in the areas of health, education, administrative reforms, slum development etc.

14.4.2 The assistance from the UK, through its Department for International Development (DFID), flows to mutually agreed government projects and programmes in the form of financial and technical assistance. Presently, Odisha, Madhya Pradesh and Bihar are the three focus states of DFID.

14.5 Changed arrangements in India-UK Development Partnership

14.5.1 The UK Government announced on 9th November 2012 that their financial grant aid to India will end henceforth but the existing financial grant projects will be completed responsibly as planned by 2015. All new development cooperation programmes will be either Technical Assistance (TA) programmes focused on sharing skills and expertise, or in investments in private sector projects focused on helping the poor. Both sides have agreed to this arrangement.

14.6 On-going projects and programmes

14.6.1 Presently, there are 26 projects/programmes

under implementation at Central and State level with DFID assistance.

14.7 Agreements signed during 2015-16

14.7.1 During 2015-16 following three agreements have been approved:

- Energy Access Policy Fund (EAPF) with the DFID assistance of £ 5 million.
- Economic Policies & Prosperity Partnership Programme (EPPP) with the DFID assistance of £ 5 million.
- Growth, Resources, Opportunities & Wealth creation in Bihar (GROW-Bihar) with the DFID assistance of £ 5 million.

14.8 Brief on India-European Union (EU) Development Cooperation

14.8.1 The European Union (EU) has been providing development assistance to India in the form of Grants. The priority areas include environment, public health and education. EU implements development cooperation programmes through Country Strategy Paper (CSP).

14.8.2 EU had committed to provide an amount of Euro 260 million and Euro 105 million for MIP-I and MIP-II respectively. The major programmes of Government of India which has received/has been receiving EU aid along with other development partners include Sarva Shiksha Abhiyan (SSA) (Euro 70 million) and National Rural Health Mission (NRHM)/Reproductive Child Health (RCH) (Euro 110 million).

14.9 Investments in India by the European Investment Bank (EIB)

14.9.1 The European Investment Bank is the European Union's financing institution which was established in 1958 under the Treaty of Rome (1957) to provide financing for capital investment. The members of the EIB are the Member States of the European Union, who have all subscribed to the Bank's capital. Outside the European Union, EIB financing operations are conducted principally from the Bank's own resources but also, under mandate, from Union or Member States' budgetary resources. Under these arrangements, the EIB's funds are utilised to finance investments in countries signatory to Co-operation Agreements with the EU.

14.10 EIB in India:

14.10.1 EIB's activities in India emanate from the Joint Action Plan (JAP) of the Strategic Partnership between the EU and India. EIB intends to increase its lending activities focusing mainly on environmental sustainability and large infrastructure project through FDI, transfer of technology and know-how.

14.10.2 EIB investments in India are governed by the Framework Agreement for Financial Cooperation. This agreement was signed between India and EIB on 25th November, 1993 by the Charged' Affaires of India at Brussels. The Framework Agreement was initially valid for a period of three years and later it was extended sine die vide amendment dated 24th November, 1998.

14.11 EIB loans

14.11.1 Unlike loans received from sovereign bilateral partners or multilateral institutions, EIB loans are not Official Development Assistance (ODA) loans and therefore, loans from EIB are less concessional in comparison to ODA loans. ODA loan is meant only for Central/State Government or PSUs projects, while EIB loans can be availed by both private and public sector entities. It has been decided to provide Government of India's Guarantee in respect of EIB loans to PSUs/State entities on case to case basis.

14.12 Japan - Official Development Assistance

14.12.1 Japan has been extending Official Development Assistance (ODA) to India since 1958. Japanese ODA in the form of loan assistance, grant aid and technical assistance to India is received through Japan International Cooperation Agency (JICA). Japan is the largest bilateral donor to India.

14.12.2 The Japanese ODA loans to India are mostly project tied. The interest rates are 1.4% per annum for general projects with a 30 years tenure including a grace period of 10 years. For environmental projects, the interest rate is 0.30% per annum with a 40 years tenure including grace period of 10 years. In addition, Government of Japan has introduced Front End Fee which is payable one time @ 0.2% of the loan amount. If disbursement of the project is completed within the agreed period, JICA will reimburse 0.1% of Front End Fee to the borrower. The Front End Fee has been introduced from April, 2013 onwards in place of the commitment charges.

14.12.3 The Government of Japan has committed JPY 294.290 billion (₹15597 Crores approx.) for eight projects to India from January 1, 2015 to December 31, 2015. As on December 31, 2015, sixty five projects were under implementation with Japanese loan assistance. The loan amount committed for these projects is JPY 1851.818 billion (₹99187 Crores approx.). The cumulative commitment of ODA loan to India has reached JPY 4467.292 billion on commitment basis till December 31, 2015.

14.12.4 The ODA loan disbursement to India from January 1, 2015 to December 31, 2015 was JPY 181.207 billion (₹9541.25 Crores).

14.12.5 The Government of India has identified North-Eastern Region as one of the key areas for development. Government of Japan has committed JICA ODA loan for North East Road Network Connectivity Improvement Project (Phase I) (I) of JPY 67170 million (=₹ 3630 crore approx.) during FY 2015-16.

14.13 Grant Aid

The Government of Japan provides Grant Aid to India under the following sectors and criteria:

- (i) Criteria:
 - (a) Development impacts;
 - (b) Utilization of Japanese technology/know-how and likelihood of its dissemination to other areas.
- (ii) Sectors:
 - (a) Transport Sector, including projects using information and communication technology (ICT) and road projects with slope protection measures (Potential line ministries could include Ministry of Road Transport and Highways, Ministry of Urban Development etc.)
 - (b) Power Sector including small-scale hydro power project and solar power projects (potential line ministry could include Ministry of Power, Ministry of New and Renewable Energy etc.)

During 1st January, 2015 to 31st December, 2015, 4 proposals were forwarded to the Embassy of Japan for the approval.

14.14 Technical Cooperation Programme

14.14.1 Technical Cooperation aims at transfer of technology and knowledge in a bid to develop and improve human resources and thus contribute to the Socio-Economic Development of India. The Technical Cooperation covers a broad spectrum of fields ranging from Basic Human Needs to Agriculture and Industrial Development. Priority areas for JICA in India are (i) public health and medical care, (ii) agriculture and rural development, (iii) environmental conservation and protection, and (iv) improvement of economic infrastructure.

14.14.2 The main components of Technical Cooperation are (i) Project Type Technical Cooperation Projects (ii) Development Study, (iii) Dispatch of Experts, (iv) Japanese Overseas Cooperation Volunteers (JOCV) Programme, (v) Follow-up Cooperation Programme, (vi) Training of Indian Government personnel, (vii) Third

Country Training Programme involving training of personnel from different countries in India.

14.14.3 There are 3 ongoing projects under Technical Cooperation Programme.

14.15 JOCV Programme

14.15.1 During 1st January, 2015 to 31st December, 2015, proposals from 3 Institutes have been posed to Embassy of Japan and 10 Japanese volunteers have been appointed under JOCV Programme.

14.16 JICA Partnership Programme

14.16.1 Recognizing the growing importance of NGOs in international cooperation, the JICA Partnership Programme (JPP) was introduced in 2002. JPP is a technical cooperation program implemented by JICA to contribute to the social and economic development of developing countries at the grass-roots level, in collaboration with partners in Japan, such as NGOs, Universities, local governments and public interest corporations. While applying for JPP, Indian NGOs are advised to seek a Japanese partner to take part in the scheme. This has two components:-

1. Japanese NGO/Institution/Local Government through JICA will support Indian organization with Japanese expert personnel, equipment provision and financial support through FCRA route;
2. Japanese NGO/Institution/Local Government through JICA will provide training of Indian personnel in Japan.

14.17 Grassroots Funding

14.17.1 The Government of Japan also provides small assistance to Indian NGOs under its Grassroots Funding Programme through FCRA route on receipt of no objection from DEA. During 1st January, 2015 to 31st December, 2015, total 24 proposals have been received and DEA has cleared 15 proposals. In case of 5 proposals, clearance from Intelligence Bureau, Central Line Ministry and MHA (FCRA) are awaited.

14.18 Green Aid Plan

14.18.1 The Government of Japan (Ministry of Economic Trade and Industry) provides technical assistance under Green Aid Plan through agencies like New Energy and Industrial Development Organization (NEDO), an organization of METI. The areas of cooperation are prevention of water pollution, air pollution, treatment of wastes and recycling and energy conservation and alternative energy source. Model projects are carried out by NEDO on the basis of the MoU signed by NEDO with Department of Economic Affairs, the concerned line ministry and the implementing agency. NEDO sends

Japanese experts to Indian organizations to impart training and conducts training programmes in Japan.

14.19 Norway

14.19.1 Till date, 24 NGO projects have been cleared since 2005. Bilateral meetings are periodically held between senior officials of Finance Ministries of India and Norway.

14.20 Switzerland

14.20.1 Switzerland has been extending economic and technical assistance to India since 1964 in the form of grants and technical assistance. Switzerland had also provided mix credit comprising 40% grant and 60% loans for power sector project. Bilateral meetings are periodically held between the two countries.

14.21 United States of America

14.21.1 Indo-US Financial and Economic Partnership

14.21.1.1 The fifth Cabinet level meeting of Indo-US Economic and Financial Partnership (EFP) was held in New Delhi on February 12, 2015 under the co-chairmanship of Mr. Jacob Lew, Secretary of the US Treasury and Shri Arun Jaitley, Finance Minister. During the meeting, issues covered included Macroeconomic scenario, Financial Regulatory Reforms, Tax Policy, US-India Investment Initiative, Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) etc.

14.21.1.2 5th Sub-Cabinet level Meeting, under the aegis of Economic and Financial Partnership (EFP), between India and USA was held on 8th January, 2016. The meeting discussed various issues such as India-US Economic Outlook and Multilateral Issues, Global Economic and Financial Developments & India-US Economic and Financial Partnership Pillars covering issues viz. India-US Investment Initiative, Taxation issues, AML/CFT Dialogue, Financial Markets Development.

14.22 Indo-US Financial and Regulatory Dialogue

14.22.1 The third Indo-US Financial & Regulatory Dialogue was held on January 15, 2015 at Washington D.C. During the Dialogue, issues covered included Banking Sector Developments, Capital Market Development, Insurance Sector Development, Pension Sector Development, Consumer Issues, Financial Stability, Vulnerabilities and Reforms.

14.23 U.S. Agency for International Development (USAID)

14.23.1 USAID is presently partnering with the Government of India to strengthen health systems; food

security; accelerate transition to low emissions, and energy secure economy; reduce greenhouse gas emissions through carbon sequestration by forests; and improve the quality of basic education through teachers training and development. As on date there are seven ongoing agreements in various areas of development cooperation which are in operation. Apart from these, an MOU was signed between USAID and Government of India to support Financial Inclusion through Expanded Payments Acceptance Networks and other Efforts under Pradhan Mantri Jan Dhan Yojana.

14.24 United States Trade and Development Agency (USTDA)

14.24.1 USTDA promotes economic growth in emerging economies by facilitating the participation of U.S. businesses in the planning and execution of priority development projects in host countries. The Agency's objectives are to help build the infrastructure for trade, match U.S. technological expertise with overseas development needs, and help create lasting business partnerships between the United States and emerging market economies. In 2015-16, three USTDA grants for technical assistance were approved by DEA viz. – (i) ProVision 2 Body Scanner System Pilot Project with Airport Authority of India (AAI) for US\$ 7,12,456 (ii) Technical Assistance to Indian Railway to develop PPP and attract private capital for US\$ 5,18,100 (iii) Feasibility study of Bottoms Upgrading Project at Mumbai Refinery with BPCL for US\$ 8,36,550 (iv) Technical Assistance Project Phase II under US-India Aviation Programme (ACP) with DGCA for US\$ 8,08,327.

14.25 Canada

14.25.1 India – Canada Economic and Financial Sector Policy Dialogue (ICEFSPD)

14.25.1.1 The first India-Canada Economic and Financial Sector Policy Dialogue was held on July 08, 2013 in Ottawa, Canada. The second ICEFSPD was held in February 2015 at New Delhi. The Dialogue discussed various issues such as Economic and Financial Sector Outlook in India and Canada, Infrastructure financing and Canadian pension Funds, recent reforms in investment, insurance and foreign ownership, Financial Sector Policy Initiatives covering FSLRC, new NBFIs regulations in India, SEBI's initiatives on financial inclusion and financial literacy, initiatives to increase bank account penetration; & Global Trends and Challenges in Financial Services Regulation Reform.

14.25.2 Assistance from International Development Research Centre (IDRC) of Canada

14.25.2.1 IDRC extends grant assistance to various Governments and Non-Government organizations for projects in the field of agriculture, health and family welfare etc. During 2015-16, 11 proposals involving grants assistance of CA\$ 3.86 million were received by DEA for approval. Out of these 11 proposals, five grants of CA\$ 2.06 million have been cleared by DEA.

14.25.3 Canada Fund for Local Initiative (CFLI)

14.25.3.1 The CFLI is a responsive, flexible program, directly managed by the High Commission of Canada in New Delhi, to fund small but visible, high impact, results-oriented projects. Through contribution agreements, the CFLI provides monetary assistance that covers all or a portion of the cost of projects that are comparatively modest in scope, scale and cost and that are usually conceived and designed by local authorities or organizations. During 2015, 28 grant proposals amounting to ₹3.34 Crores were received by DEA for approval.

14.25.4 Lines of Credit extended to developing countries

14.25.4.1 Lines of Credit (LoCs) form an important component of India's diplomatic strategy and have been very useful in generating goodwill and building long term partnerships. The scheme also attempts to promote India's strategic political and economic interest abroad by positioning it as an emerging economic power, investor country and partner for developing countries. Indian Development and Economic Assistance Scheme (IDEAS), initially known as "India Development Initiative" (IDI), flows from the announcement made by the Finance Minister in the Union Budget for FY 2003-04. GoI has been extending Lines of Credit to developing countries under IDEAS since 2005-06. Initially proposed to be operated for five years from 2005-06 to 2009-10, the scheme was granted first extension in 2010 from 2010-11 to 2014-15. Second extension to the scheme has been granted in 2015 for another five years i.e. 2015-2016 to 2019-2020, with revised set of guidelines with a view to improve efficiency and make the system robust and transparent. The rate of interest and tenor offered to developing countries has also been made more attractive.

14.25.4.2 Under the IDEA Scheme, MEA selects specific projects keeping in view diplomatic considerations and requests received from various developing countries. The proposals are discussed and deliberated upon by a Standing Committee comprising officers of MEA and DEA. After obtaining the approval of External Affairs Minister, MEA recommends the proposal to DEA for approval of Finance Minister. DEA then issues a formal letter conveying approval of the Line of Credit.

14.25.4.3 LoCs are being operated through Export-Import Bank of India, which raises resources from the market and provides LoCs to recipient Governments at concessional rates. Gol backs the LoCs through a Deed of Guarantee in favour of the lending bank to guard against any default by the borrowing Government in payment of interest and principal to the lending bank.

Gol also extends Interest Equalization Support (IES) to the lending bank for enabling it to lend on concessional terms.

14.25.4.4 During the year 2015-16 (i.e. from April 1, 2015 to December 22, 2015), Lines of Credit totaling USD 2,292.18 million have been approved, which are as under:

Sl. No.	Countries	Amount in US\$ Million	Approval
African Countries			
1	Tanzania	92.18	(In-principle Approval)
2	Belarus	100.00	(In-principle Approval)
Sub-Total		192.18 Mn.	
Non-African countries			
1	ASEAN Member States	1,000.00	(In-principle Approval)
2	Jordan	100.00	(In-principle Approval)
3	Mongolia	1,000.00	(In-principle Approval)
Sub-Total		2,100.00 Mn.	
Total Amount – USD 2,292.18 Million (05 LOCs)			

14.26 Foreign Trainings

14.26.1 Department of Economic Affairs is the nodal point for administering short term foreign training courses offered by some bilateral partner countries under bilateral cooperation programme and some multilateral agencies. These courses are intended for capacity building of the officers in various spheres/fields of activities including sectors such as Education, Health, Water Resources, Disaster Management, Governance, Natural Resources and Energy, Agriculture, Nature Conservation, Environmental Management, etc. Nominations are invited from all Ministries/Departments, State Governments/ Union Territories. The nominations are screened by a Selection Committee in DEA and thereafter recommended to the sponsoring Government/Agency for acceptance.

proposals involving expenditure in respect of DEA and DFS as well as their attached and subordinate offices e.g. Security Appellate Tribunal (SAT)/National Savings Institute/G-20 Secretariat/Office of Special Court, Mumbai/ Office of Custodian/ Appellate Authority for Industrial and Financial Reconstruction/ Board for Industrial and Financial Reconstruction/ Debt Recovery Tribunals, Pension Fund Regulatory and Development Authority and Office of Court Liquidator, Kolkata.

(ii) Exercising expenditure control and management, ensuring rationalization of expenditure and compliance of economy measures in accordance with the instructions of the Department of Expenditure including regular monitoring of expenditure through monthly/quarterly reviews and submission of reports to the concerned Secretaries.

15. Integrated Finance Division

15.1 The Division is responsible for the following functions:

(i) Tendering financial advice & concurrence to

(iii) The Division also administers two Detailed Demands for Grants i.e. Grant No.29-Department of Economic Affairs and Grant No.30-Department of Financial Services. This involves finalizing the

- Budget Estimates/the Revised Estimates/ estimating final requirements/surrender of savings, re-appropriations and vetting of Head wise Appropriation Accounts etc.
- (iv) Coordination of all matters relating to the examination of the DDG by the Parliamentary Standing Committee on Finance.
- (v) Coordination, compilation, printing and laying of the 'Outcome Budget/Detailed Demand for Grants(DDG)' of the Ministry of Finance in Parliament.
- (vi) Monitoring of pending PAC/C&AG Audit Paras.
- (vii) Coordination, compilation, printing and presentation of Statements to be made by Hon'ble Finance Minister as required in terms of Rule 73-A, in Lok Sabha/Rajya Sabha in respect of implementation of Reports of the standing Committee.
- (viii) Budgetary position regarding the Grants administered by the Division is given below:

15.2 Budgetary allocation of the Grants (on net basis).

(₹ in Crore)

Grant		BE 2015-16	RE 2015-16	BE 2016-17
29-Department of Economic Affairs	Plan	8465.10	4152.10	4800.00
	Non Plan	8599.46	9293.75	11246.15
	Total	17064.56	13445.85	16046.15
30 - Department of Financial Services	Plan	9805.00	28118.00	30625.00
	Non Plan	15061.80	14943.25	1350.52
	Total	24866.80	43061.25	31975.52

The best practices followed for effective expenditure control includes:

- (a) Expenditure progress reviewed quarterly with Major Head/Scheme wise details with concerned Secretaries.
- (b) The Major Head wise and Scheme wise expenditure progress as compared to BE figures, posted on the web-site of the Ministry of Finance.
- (c) Strengthening of internal control mechanism by getting internal audits undertaken.
- (d) Monthly monitoring of Major Schemes/ Programmes of Department included in the Outcome Budget.
- (e) Regular and close monitoring resulted in finalization of substantial number of cases of Action Taken Notes (ATNs) in respect of C&AG audit para during the year.

16 Directorate of Currency

16.1 Security Printing & Minting Corporation of India Limited (SPMCIL)

16.1.1 Security Printing & Minting Corporation of India Ltd. (SPMCIL), a Miniratna Category-I, Schedule-'A' Central Public Sector Enterprise (CPSE) was established on 13th January, 2006 to manage four India Government Mints, two Currency Presses, two Security Presses and one Security Paper Mill, which were earlier being managed directly by the Government of India (Ministry of Finance). The Corporation is wholly owned by the Central Government with Authorized Share Capital of ₹2500 crore and its initial paid up share capital was ₹5 lacs. Consequent upon the finalization of Capital Structure of the Company by DEA, the paid-up share capital of the Company shall increase to ₹1182.49 crores by end of financial year 2015-16.

16.1.2 The Client of two Currency Presses, i.e. Bank Note Press (BNP), Dewas and Currency Note Press (CNP), Nashik is RBI for currency notes. For other two

Security Presses, i.e. Security Printing Press (SPP), Hyderabad and India Security Press (ISP), Nashik, the clients are State Governments for Non-Judicial Stamp Papers and allied stamps and Postal Department for postal stationery, stamps, etc. Security Presses also produce various security items like cheques, railway warrants, income tax return order forms, saving instruments, commemorative stamps etc. for various clients and passports, visa stickers and other travel documents for Ministry of External Affairs and Ministry of Home Affairs. For four Mints at Mumbai, Kolkata, Hyderabad and Noida, the client is Department of Economic Affairs (DEA), Ministry of Finance for circulation of coins. The Security Paper Mill at Hoshangabad manufactures security paper for use of currency / security presses.

16.1.3 The Corporation has achieved nearly all targets in production of Bank Notes, Coins, Security Products, i.e. Passports, NJSPs, Postal Products and other Security Products. While achieving the ever highest production targets SPMCIL has also increased productivity per employee considerably. The Corporation has produced 8358 million pieces of the Bank Notes and supplied 8141 million pieces to RBI during the year 2014-15. This is 4.24% higher than the production of 8018 million pieces of the Bank Notes during the last year. Production of the Bank Notes per employee has increased to 2.12 million pieces in 2014-15 as against 2.01 million pieces achieved during the previous year. The Corporation has produced 7929 million pieces of the Circulating Coins and supplied 7907 million pieces of the Circulating Coins during the year 2014-15. This is 3.65% higher than the production of 7650 million pieces achieved during the previous year. Production of Coins per employee has increased to 2.47 million pieces in 2014-15 as against 2.26 million pieces achieved during the previous year.

16.1.4 The Corporation has produced 524.88 Metric Tonnes (MT) of the Security Inks in 2014-15 from the Ink Factory, Dewas against 604 MT of Inks produced during 2013-14. Security Paper Mill, Hoshangabad has produced 3266 MT of the Security Paper on old plant and has supplied 3110 MT Security paper to the presses during the year 2014-15. This is 0.80% higher than the production of 3240 MT of the Security Paper during the last year. Production of the Security Paper per employee is 3.07 MT in 2014-15. This is the fifth year in succession that the Paper Mill has met with the target despite machinery being about 45 years old.

16.1.5 The sales turnover of the Company has increased to 4408.38 crores in 2014-15 from 3797.62 crores in 2013-14 registering a growth of 16.08% over

the previous year. The Sales per employee during 2014-15 has increased by 20.74% to 37.41 lacs from 30.98 lacs during the year 2013-14 primarily due to increase in the production during 2014-15. Despite increase in physical sale and total revenue the company has reported a net loss of 352.07 crores in the year 2014-15 as compared to a net profit of 214.63 crores in the year 2013-14 on account of price adjustment of coins from the year 2008-09 to 2012-13 aggregating to 1090.58 crores and price adjustment of postal items from the year 2006-07 to 2013-14 aggregating to 71.45 crores. The net impact of rate adjustment is 709.63 crores after writing back the rate difference provision pertaining to coins and postal items for 455.94 crores created in the earlier years. Further, the amount of depreciation has also increased in the year 2014-15 to 153.27 crores from 118.07 crores in the last year due to revision in depreciation rate consequent to reduction in useful life of assets as per Schedule II of Companies Act, 2013.

16.1.6 As per Self-Evaluation Report, SPMCIL has achieved MoU 2014-15 Composite Score of 1.48 thus poised to achieve the Excellent rating in MoU 2014-15 for the sixth year in succession. Further, as per quarterly compliance reports of Corporate Governance guidelines submitted to Administrative Ministry, the Company is poised to achieve 'Excellent' grading for compliance of Corporate Governance guidelines issued by DPE for 2014-15 for the fifth year in succession.

16.1.7 Continuing its momentum of modernization, the Company has taken-up various capital projects during the year 2014-15. One Bank Note Printing Line each at Currency Note Press (CNP), Nashik & Bank Note Press, Dewas on replacement basis has been sanctioned by SPMCIL Board and the procurement is in progress. In order to meet the enhanced demand of coins projected by RBI, the modernization of Mints with 32 coining presses and finishing lines has been approved by the Board and the procurement is in progress. Two Electronic Numbering Control (ENC) Systems have been installed on Super Numerota machine at CNP, Nashik leading to reduction in wastage. CNP, Nashik has procured Spectro Densitometer for quality improvement of banknotes according to ISO Standards. Bank note simulation testing equipment has been installed for estimating life of banknotes at CNP, Nashik. One indigenously developed Gravimetric filling machine has been installed and commissioned at Bank Note Press (BNP), Dewas. Two Viscometers and one Tack-o-Scope have been installed and commissioned at BNP, Dewas. India Govt. Mint (IGM), Noida has commissioned the technology for PVD coating of dies for circulating coins for increasing life of dies. IGM, Noida has also introduced TC Collars

successfully which has improved the serrations of coins and life of collar has been nearly doubled. Polishing lines have been installed and commissioned at IGM, Hyderabad and IGM, Kolkata which are capable to pickle and polish with the single chemical as compared to three chemicals in existing machines. ERP-SAP has been implemented across all Units of SPMCIL.

16.1.8 In comparison to the preceding year, i.e. 2013-14, the Employees strength has come down from 12,257 to 11,784 as on 31.03.2015 due to rationalisation of manpower but the volume of production is constantly increasing. The Industrial Relations remained peaceful and cordial during the year 2014-15 in all the units of SPMCIL.

16.1.9 **Indigenization:** Presently, the annual requirement of CWBN paper for printing banknotes in India is approximately 25000 MT. Therefore, the projects for indigenization for banknote paper requirement have already been set in motion. The new Bank Note Paper line of 6000 MT capacity per year at Security Paper Mill, Hoshangabad was inaugurated and the first consignment of 1000/- Bank Note paper made indigenously on this machine was flagged off to Currency Note Press, Nashik by Shri Arun Jaitley, Hon'ble Union Minister of Finance, Corporate Affairs and Information & Broadcasting in the august presence of Shri Shivraj Singh Chouhan, Hon'ble Chief Minister of Madhya Pradesh on 30.05.2015 at Hoshangabad. A JV Project in the name of Bank Note Paper Mill India Private Limited (BNPMIPL) at Mysore with an installed capacity of 12000 MT per annum to bring two state of the art technology paper lines is at advanced stage and production trials are under progress. These projects shall lead to indigenous production of major CWBN paper requirement, import substitution thereby saving valuable foreign exchange and further aiding India becoming self-reliant in banknote paper production.

16.1.10 **Commemorative coins Released During 2015-16.** The following Commemorative Coins were released during 2015-16:

Year	Name of the Commemorative Coin	Date of Release
2015	Birth Centenary of Swami Chinmayananda	08-5-2015
2015	International Day of Yoga on 21-06-2015	21-06-2015
2015	Birth centenary of Rani Gaidinliu	24-08-2015
2015	125th Birth Anniversary of Dr. S. Radhakrishnan	04-09-2015
2015	Golden Jubilee of Indo-Pak War 1965	15-09-2015
2015	3rd India-Africa forum Summit	29-10-2015
2015	125th Birth Anniversary of Dr. B.R. Ambedkar	06-12-2015
2016	150th Birth Anniversary of Lala Lajpat Rai	28-01-2015
2016	Birth Centenary - Biju Patnaik	05.03.2016
2016	150th Anniversary of Allahabad High Court	13.03.2016



SECURITY PRINTING & MINTING CORPORATION OF INDIA LTD., (SPMCIL)
REPRESENTATION OF SCs, STs and OBCs as on 31.12.2015
(For the period from 01.01.2015 to 31.12.2015)

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year										
					By Direct Recruitment				By Promotion			By Other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Group A (Managerial/ Executive level)	320	46	17	58	12	1	1	1	18	12	6	-	-	-	
Group B (Supervisory Level)	1142	189	103	124	5	1	-	2	89	17	6	-	-	-	
Group C (Workmen/ Clerical Level)	9742	2183	906	1022	66	13	1	40	1344	263	121	14	3	--	
TOTAL	11204	2418	1026	1204	83	15	2	43	1451	292	133	14	3	-	

Annexure-II

SECURITY PRINTING & MINTING CORPORATION OF INDIA LTD., (SPMCIL)
Representation of Persons with Disabilities in r/o SPMCIL
(During the period of 01.01.2015 to 31.12.2015)

Groups	Number of Employees				DIRECT RECRUITMENT								PROMOTION					
					No. of			No. of			No. of			No. of				
					Vacancies reserved			Appointments made			Vacancies reserved			Appointments				
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	320	-	1	1	-	1	1	-	-	-	-	-	-	-	-	-	-	-
Group B	1142	1	-	17	-	0	1	4	-	-	-	-	-	-	43	-	-	-
Group C	9742	41	82	206	2	2	1	70	1	2	-	-	-	-	569	4	3	15
Total	11204	42	83	224	2	3	3	74	1	2	-	-	-	-	612	4	3	15



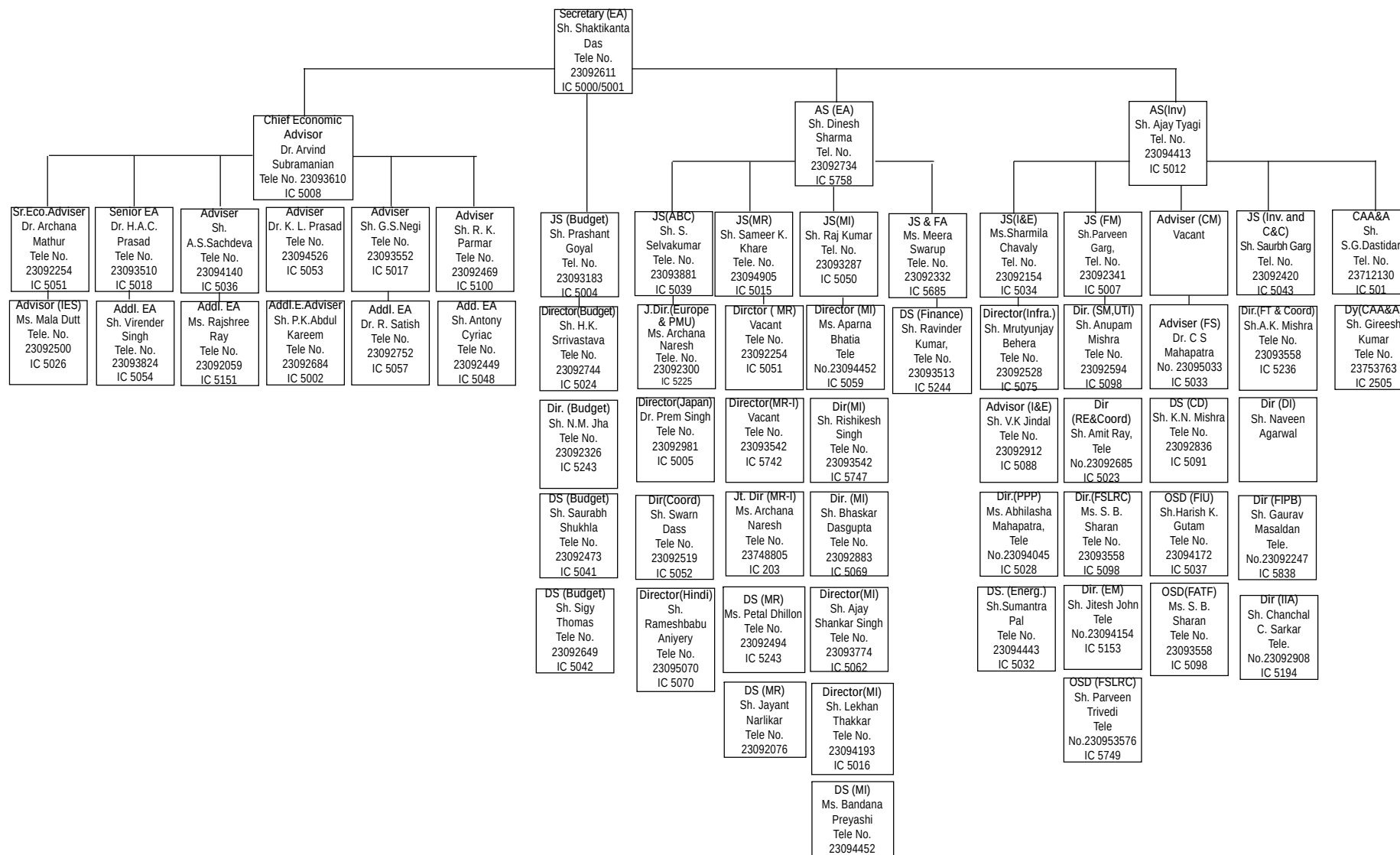
**REPRESENTATION SCs, STs and OBCs IN RESPECT OF
DEPARTMENT OF ECONOMIC AFFAIRS (MAIN) AS ON 31.12.2015**

Groups	Number of Employees					Number of appointments made during the previous calendar year											
						By Direct Recruitment				By Promotion				By Other Methods			
	Total	SCs	STs	OBCs	Other	SCs	STs	OBCs	Other	SCs	STs	OBCs	Other	SCs	STs	OBCs	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Group A	145	15	08	16	-	-	-	-	-	-	-	-	-	-	-	-	02
Group B	291	43	32	22	-	-	-	-	-	-	-	-	02	-	-	-	-
Group C (Excl.Safai Karamcharis)	384	101	08	22	-	-	-	-	-	-	-	-	02	-	-	-	-
Group C (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	820	159	48	60	-	-	-	-	-	-	-	-	04	-	-	-	02

**REPRESENTATION OF PERSONS WITH DISABILITIES IN RESPECT OF
DEPARTMENT OF ECONOMIC AFFAIRS (MAIN) AS ON 31.12.2015**

Groups	Number of Employees				DIRECT RECRUITMENT						PROMOTION					
					No. of Vacancies			No. of Appoint- ments made			No. of Vacancies			No. of Appoint- ments made		
	Total	VH	HH	OH	VH	HH	OH	VH	HH	OH	VH	HH	OH	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Group A	145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	291	-	04	04	-	-	-	-	-	-	-	-	-	-	-	-
Group C (Excl.Safai Karamcharis)	384	-	-	04	-	-	-	-	-	-	-	-	-	-	-	-
Group C (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	820	-	04	08	-	-	-	-	-	-	-	-	-	-	-	-

ORGANISATION CHART IN THE DEPARTMENT OF ECONOMIC AFFAIRS



Department of Expenditure

1. Establishment Division

1.1 The Establishment Division works under the Joint Secretary(Personnel) and deals with matters related to determination of salary structure and service conditions of all Central Government employees including recommendation of Sixth Central Pay Commission, wage, policy determination, revision of pay scales, creation of posts, basic principles of fixation of pay, pay research, House Rent Allowance, Travelling/Daily Allowance, Dearness Allowance, various other compensatory allowances in respect of Central Government employees, productivity linked bonus, General Financial Rules, Delegation of Financial Power Rules, Staff Car Rules, Screening Committee proposals, on foreign visit of Government Officials, Economy Instructions etc. It is also responsible for administrative matters concerning the Department of Expenditure.

1.2 This Division issues instructions/directions on preparation of outcome budget, which indicate the physical dimensions of the financial budget as also the actual performance of the preceding year.

1.3 With a view to containing the non-developmental expenditure and releasing additional resources for priority schemes, this Division has been issuing guidelines of Ministry of Finance on expenditure management and economic measures and rationalisation of expenditure from time to time. Such measures are intended at promoting fiscal discipline without restricting the operational efficiency of the Government. The last such instructions were issued on 29TH October 2014.

1.4 **The Seventh Central Pay Commission** which was set up on 28th February, 2014 submitted its recommendations to the Government on 19th November, 2015. The date of its effect is 1st January, 2016 with a minimum basic pay of Rs.18000/-. The present system of pay bands and grade pay has been replaced by a new pay matrix in respect of both civilians and defence personnel. The additional financial implications as estimated by the Commission is likely to be Rs.1,02,100/- crore in the financial year 2016-17. The Department of Expenditure, Ministry of Finance has commenced the process to have the recommendations of the Commission processed expeditiously. While the views of all the Ministries/Departments have been invited on the various recommendations of the Commission concerning the issues falling under their purview, a dedicated Implementation Cell headed by a Joint Secretary has been set up to process the recommendations in a focussed manner. The recommendations would be screened by an Empowered Committee of Secretaries in a holistic fashion before the final decisions of the Government thereon are arrived at.

1.5 **The Expenditure Management Commission** which was set up vide Resolution dated 4th September, 2014 has submitted three reports so far in January 2015, September 2015 and December 2015 and will be submitting its final report before the Budget of 2016-17 i.e. by the end of February, 2016.

1.6 **Pay Related Issues:** During the year 2014-15, various problems relating to pay matters, arising out of implementation of the recommendations of the 6th Central Pay Commission or otherwise for Central Government employees and out of its extension to the employees of Autonomous Bodies and legal/court matters thereon, which were referred from time to time by various Ministries/Departments/ Organisations, were addressed in an appropriate manner.

1.7 **Right to Information Act:** The Right to Information Act, 2005 is implemented in its true spirit and the information required to be disclosed under the Act has been uploaded on the website of the Department. The Central Public Information Officers (CPIOs) ensure timely supply of information to applicants and prompt action is taken on appeals by Appellate Authorities. The quarterly returns are submitted to the Central Information Commission by the RTI Cell. Suo-Moto disclosure has been made mandatory as per orders of Department of Personnel & Training.

1.8 During the year 2015, total number of 2033 applications and 94 appeals under RTI Act, 2005, received in physical form and 2216 applications and 109 appeals, received through online portal, were disposed off within the specified time frame.

2. Pay Research Unit (PRU)

2.1 The Pay Research Unit was established in 1968 and is mainly responsible for collection, compilation and analysis of data on actual expenditure incurred on pay and various types of allowances as well as data pertaining to the strength of the Central Government Civilian Employees and Employees of Union Territory Administration. This unit brings out an annual publication titled **“Annual Report on Pay and Allowances of Central Government Civilian Employees”**. The brochure provides statistical information regarding expenditure incurred by the different Ministries/ Departments of the Central Government on pay & various types of allowances such as Dearness Allowance, House Rent Allowance, Transport Allowance, Overtime Allowance, Compensatory Allowance etc. in respect of its regular employees. It also provides information on Ministry-wise/Department-wise and Group-wise number of sanctioned posts and number of incumbents in position.

2.2 The unit brought out the Annual Report on Pay and Allowances of Central Government Civilian Employees for the year 2013-14 in August 2015. The work regarding the Annual Report/brochure for the year 2014-15 is in progress.

3. Plan Finance-I Division

BRIEF NOTES ON SCHEMES

Plan Assistance

3.1 In accordance with the Annual Plans approved by the erstwhile Planning Commission, Ministry of Finance (Upto 2014-15) was designated to provide Central assistance (tied and untied) to the State Governments for developmental activities under various programmes/schemes covered under State Plan as per the budgetary provisions made available with Department of Expenditure. The programmes/schemes for providing Central assistance to the States covered under State Plan is the mandate of Ministry of Finance. The release of untied funds covers Block grants viz. Normal Central Assistance (NCA) and Special Central Assistance (SCA) whereas tied funds were released towards Special Plan Assistance (SPA), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs), ACA for various other projects/schemes, State Treasury Computerization under National e-Governance Programme (NeGP), State Component of Backward Regions Grant Fund (BRGF) covering funding for Bundelkhand package and KBK Districts of Odisha, Special Plan for Bihar, Special Plan for West Bengal, Hill Areas Development Programme (HADP), ACA for Left wing Extremism affected areas etc.

3.2 Following the spirit of cooperative federalism, the Union Government has accepted the biggest ever increase of 10% in the share of States in net proceed of shareable pool of Union taxes from 32% to 42% as recommended by Fourteenth Finance Commission (FFC), enabling the States to have extra fiscal space and subsequently allowing them greater autonomy in designing and financing of schemes as per their need and local requirements and for creation of capital assets. Accordingly, funding under schemes/programmes except for projects identified for external aids (EAPs) provided by Department of Expenditure, Ministry of Finance along with 8 schemes for which funding was provided by other Union Ministries have been subsumed in larger devolution Union taxes to the States and hence no budgetary provision for these schemes has been made in the Union Budget 2015-16.

Special Assistance under Central Plan

3.3 However, taking into account considerable amount of committed spill over liabilities for projects sanctioned prior to implementation of 14th FFC award, considering varying socio-economic/geographical factors,

it has been decided to provide assistance to States required in areas of critical nature viz. BRGF-State component including KBK districts of Odisha, Special Plan for Bihar, Special Plan for West Bengal, Bundelkhand package for Madhya Pradesh & Uttar Pradesh and Uttarakhand Medium & Long term Reconstruction, PM'S Reconstruction Plan (PMRP) 2004 & Flood Rehabilitation Plan 2014 for Jammu & Kashmir and support to states to deal with post FFC related issues etc. Accordingly, an allocation of Rs.20,000 crore has been made in the Union Budget (2015-16-BE) at the disposal of Ministry of Finance for providing assistance to the States in the name of Special Assistance under Central Plan, of which, Rs.2562.60 crore has so far been released to the States and Rs.7250 crore has been placed at the disposal of Ministry of Water Resources, River Development and Ganga Rejuvenation (Rs.2500 crore), Ministry of Women & Child Development (Rs.3548 crore) and Ministry of Health & Family Welfare and Ministry of Rural Development (Rs.1202 crore) for funding of projects implemented by them.

Additional Central Assistance for Externally Aided Projects

3.4 Additional Central Assistance for Externally-Aided Projects (EAPs) is passed on to the General Category States on back to back basis on the same terms and conditions on which these loans are received by the Central Government from donor agencies. However, in case of Special Category States, special dispensation has been made whereby they receive the assistance for externally aided projects in grant:loan ratio of 90:10. Based on the recommendations of Office of Controller of Aid, Account and Audit, an amount of Rs. 14,000.62 crore has been released to the State Governments during 2015-16 (upto 07.01.2016), as against Budget Estimates (2015-16) of Rs.16,000 crore.

Non-Plan Grants to States

3.5 The States are also supported through Non-plan grants as per the recommendations of Finance Commissions. The FFC report covering the five year period commencing 1st April, 2015 together with the Explanatory Memorandum as to the action taken on the recommendations of the Finance Commission was laid on the Table of both Houses of the Parliament on 24.2.2015. The year 2015-16 is the first year of the award period of FFC.

3.6 FFC, making substantial increase in share of the States in the divisible pool of Union taxes from 32% to 42%, has recommended total grants-in-aid of Rs.5.38 lakh crore for the period 2015-20 to cover Revenue Deficit of States local body grants (both to rural and urban local bodies) and grants for augmenting the State's Disaster Response Fund (SDRF), of which, grant of Rs. 1,94,821 crore is to meet Revenue deficit for eleven States

comprising Andhra Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and West Bengal, Rs.2,87,436 crore for Rural local bodies and Urban local bodies together as basic grant (Rs.2,49,978 crore) and performance grant (Rs.37,458 crore) for all the States.

3.7 In aggregate, Rs.61,219 crore has been recommended as corpus of State Disaster Response Fund (SDRF) for all States for the award period with Union Government's share to the extent of 90% (Rs.55,097 crore). The Government has, however, accepted this recommendation with the modifications that the percentage share of the States in the corpus will continue to be as before and that the flows will also be of the same order (linked to the extent of the cess), as in the existing system; and that, once GST is in place, the recommendations of FFC on disaster relief would be fully implemented.

3.8 Following the recommendations of FFC duly accepted by the Union Government, as against provisions (BE-2015-16) of Rs.87,405 crore, an amount of Rs.66,527 crore in aggregate (up to January 07, 2016) has been released under the heads of Non-Plan revenue deficit grants (Rs.40,754 crore), Local Bodies grants (Rs.17,734 crore) and Centre's share in State Disaster Response Fund (Rs.8,038 crore). Further, in order to undertake post disaster relief and restoration measures, wherever the States have reportedly faced natural disasters, the States have been provided Rs. 7172.84 crore from National Disaster Response Fund (NDRF) during the reference period.

States' Fiscal Consolidation (2015-20)

3.9 Fourteenth Finance Commission (FFC) for its award period 2015-20 has also recommended a fiscal consolidation glide path for States to remain in revenue balance and anchor their fiscal deficit at 3 per cent of GSDP. FFC has further recommended for additional fiscal space upto 0.5 percent of GSDP subject to States fulfilling the eligibility criteria of maintaining their IP/TRR ratio within 10 per cent, Debt/GSDP ratio within 25 per cent and remaining in revenue balance. The additional space will allow States to incur more capital expenditure without deviating from the fiscal glide path. Fiscal position of States, in aggregate, as gleaned from 2015-16 (BE) in terms of revenue surplus, fiscal deficit and debt is 0.3% of GSDP, 2.8% of GSDP and 24.4% of GSDP respectively.

Borrowings

3.10 The methodology for determining annual borrowing ceilings of States during the period 2015-20 has been devised in line with the recommendations of Fourteenth Finance Commission. The borrowing limits of States are worked out by Ministry of Finance (MoF) in accordance with the prescribed fiscal reform path for each State. Compliance with the prescribed fiscal parameters

has contributed in bringing down aggregate Debt to GSDP ratio to 24.9% (2014-15 RE) as against the target of 30.3% of GSDP by the end of the year 2014-15. During 2015-16 (Upto 07.01.2016), the States have so far been permitted to raise borrowings to the tune of Rs. 3,66,814 crore as against gross borrowings of Rs.4,56,932 crore (Net borrowing ceiling of Rs.3,78,903 crore) fixed for the year 2015-16.

4. Plan Finance-II Division

4.1 Plan Finance – II Division is primarily concerned with matters relating to the Central Plan. In respect of development schemes and projects, the focus has been on improving the quality of development expenditure through better project formulation, emphasis on outputs, deliverables, impact assessment, projectisation (Mission approach) and convergence.

4.2 During the period 1st January, 2015 to 31st December, 2015, the Expenditure Finance Committee (EFC) chaired by the Secretary (Expenditure) recommended 56 Plan Investment proposals/Schemes of various Ministries/Departments costing **Rs. 5,06,331.67 crore**.

4.3 Also during the period, Public Investment Board (PIB) chaired by the Secretary (Expenditure) considered and recommended 11 proposals involving an amount of **Rs.40,672.65** crore as per the following details:-

S. No.	Ministry/Department	No. of projects recommended for approval	Cost (Rs.In Crore)
1	Ministry of Road Transport & Highways	03	20,315.16
2.	Ministry of Urban Development	01	6,928.00
3.	Ministry of External Affairs	01	9,375.58
4.	Ministry of Power	06	4,053.91
	Total	11	40,672.65

4.4 Plan Finance-II Division also deals with financial restructuring of Central PSUs on the recommendations of Bureau for Restructuring of Public Sector Enterprises (BRPSE). It is also actively involved in working out modalities for financial assistance to CPSEs, quantification of I&EBR generation for preparation of budget, finalizing modernization of Plants & Equipments to ensure more efficiency in production. It is also the Secretariat of National Clean Energy Fund, in respect of which, guidelines for appraisal/approval of the project have been issued.

4.5 Issues relating to Food, Fertilizers and Petroleum subsidies, including their quantification and extension of assistance to the Stake holders are also handled in Plan

Finance-II Division. The Division is actively involved, along with the concerned Department/Ministry, in shaping subsidy policy of the Government so as to ensure effective targeting coupled with minimum burden on the Government.

4.6 The funding pattern of the Centrally Sponsored Schemes(CSS) has been rationalised, based on the report of the Sub-Group of Chief Ministers on Rationalisation of CSS. The decisions in this regard have been circulated to all the Central Ministries on 28.10.2015 for compliance.

5. Procurement Policy Division

5.1 A Public Procurement Cell (PPC) was set up in this Department in June, 2011 to take follow up action on the Report of the Committee on Public Procurement (CoPP) and drafting of the Public Procurement Bill and other related matters such as drafting of rules and setting up of a Central Public Procurement Portal. The Cell was gradually strengthened and a Division called Procurement Policy Division (PPD) was created under the overall supervision of OSD (PPD) with one Director, one Under Secretary, one Assistant Director and one Assistant Section Officer.

5.2 Subsequently, the scope of work in PPD was enlarged. The Division now deals with the following items of work:-

- (i) Public Procurement legislation and rules, notifications, orders there under;
- (ii) Policies relating to Public Procurement including administration of General Financial Rules 2005 on procurement of goods and services and contract management; policies relating to mandatory or preferential procurement;
- (iii) Matters relating to standardization of procurement related documents;
- (iv) All matters related to Central Public Procurement Portal set up for publishing information relating to Public Procurement;
- (v) Matters relating to electronic procurement;
- (vi) Professional standards to be achieved by officials dealing with procurement and suitable training and certification requirements for the same;
- (vii) Interface with International bodies on matters relating to Public Procurement.

5.2.1 Central Public Procurement Portal & e-Procurement

- Pursuant to the recommendations of the Committee on Public Procurement (CoPP), a Central Public Procurement Portal (CPP Portal) has been set up for providing comprehensive information and data

relating to public procurement and is accessible at www.eprocure.gov.in. It is being used at present by various Ministries/ Departments, CPSEs and autonomous/ statutory bodies. e-Publishing of tender enquiries, corrigenda thereto and details of contracts awarded thereon, on the Portal, has been made mandatory in a phased manner w.e.f 1st January 2012.

- Further, it has also been decided to implement e-Procurement in Ministries/Departments of the Central Government and instructions have also been issued to all Ministries/Departments to commence e-procurement in respect of all procurements with estimated value of Rs.2 lakh or more in a phased manner. Use of e-procurement would enhance transparency and accountability and make procurement more efficient. This would also help in monitoring delays and reducing the procurement cycle.
- Currently, approximately 4000 tenders are floated per month using facility of CPP. This translates to around 30,000 crores worth procurement per annum through CPP only. Apart from it, many procurement organizations like Railways, PSUs like ONGC, BHEL etc. have their own e-procurement portals.
- It is imperative that the executives/officers engaged in public procurement process have thorough knowledge of all the relevant rules, regulations and procedures of public procurement. For the purpose, one week Training Programme on Public Procurement is conducted through National Institute of Financial Management(NIFM) with a view to educate and familiarize the concerned executives/officers with all the relevant rules, regulations and procedures of public procurement. Around 2000 officers per annum are being trained.

5.2.2 Swachh Bharat Kosh

The Kosh has been set up to achieve the objective of improving cleanliness levels in rural and urban areas, including in schools. It will also be enabled to bring out innovative/unique projects and girl toilets will be the priority area to start with. The following broad activities will be financed from the Kosh:

- a) Construction of community/individual toilets in rural areas, urban areas, in elementary, secondary and senior secondary government schools, anganwadis (Centre that provide support to children below 6 years and their mothers under the Integrated Child Development Scheme, Ministry of Women and Child Development);
- b) Renovation and repair of dysfunctional community/ individual toilets in elementary, secondary and senior secondary government schools, anganwadis;

- c) Construction activity for water supply to the constructed toilets;
 - d) Training and skill development to facilitate maintenance of constructed toilets and to ensure its inter-linkages with education on hygiene;
 - e) Other initiatives of improving sanitation and cleanliness in rural and urban areas including solid and liquid waste management;
 - f) Any other activity to improve sanitation in the country as decided by the Governing Council.
- ii) Central Translation Bureau (CTB), CGO Complex, New Delhi
 - iii) Ministry of Environment, Forests and Climate Change, New Delhi

5.2.3 The donations to the Kosh are covered under "Corporate Social Responsibility(CSR) under sub-section (5) of Section 135 of the Companies Act, 2013". Donations other than sums spent for "Corporate Social Responsibility" are eligible for 100% deductions under Section 80G of the income Tax Act, 1961.

6. Staff Inspection Unit

6.1 The Staff Inspection Unit (SIU) is functional since 1964 with the objective to review the staffing of government establishments/organisations through a programme of inspections with a view to rationalising of posts and also evolve performance standards and work norms. SIU also looks into work simplification in improving organisational effectiveness without sacrificing efficiency. The scientific and technical organisations are studied by SIU as a Core Member in the committee constituted by the head of the respective organisation.

6.2 The Financial Advisors are main links between the SIU and the Ministries/Departments/Offices/Organisations. All requests for staffing studies by SIU are routed through the concerned FAs. The study reports are issued after discussion with the management of the organisation studied and are regarded as mandate required to be implemented by the concerned organisation within the stipulated period.

6.3 During the year 2015-16 SIU, has issued study report on work study of Commission of Railway Safety(CRS), Lucknow in the context of Ministry of Civil Aviation's proposal for creation of two circle offices of Commissioner of Metro Railway Safety (CMRS) as per the Metro Railway (Operations and Maintenance) Act, 2002. The study covered a total number of 145 posts in the office of Chief Commissioner of Railway Safety (CCRS), Lucknow and its 9 circle offices in other cities. The study recommended strengthening of the existing set up of CRS by a total 37 additional posts in CCRS office at Lucknow and its circle offices.

6.4 Further, work study of the following organizations were taken up during 2015-16 and the study reports are being finalized:

- i) National Institute for Visually Handicapped (NIVH), Dehradun

6.5 The SIU has been associated as Core Member with two Committees constituted by the respective Departments for assessing the manpower requirement for Scientific and Technical posts namely (i) Ministry of Environment, Forests and Climate Change, New Delhi and (ii) Department of Electronics and Information Technology, New Delhi.

7. Controller General of Accounts (CGA)

7.1 The Controller General of Accounts (CGA), in the Department of Expenditure, Ministry of Finance, is the Principal Accounting Adviser to the Government of India and is responsible for establishing and maintaining a technically sound management accounting system.

7.2 The Office of CGA prepares monthly and annual analysis of expenditure, revenues, borrowings and various fiscal indicators for the Union Government. The Annual Appropriation Accounts (Civil) and Union Finance Accounts are submitted to Parliament under Article 150 of the Constitution. Along with these documents, an M.I.S Report titled 'Accounts at a Glance' is prepared and circulated to Hon'ble Members of Parliament.

7.2.1 Functions:-

- Formulate policies relating to the general principles, form and procedure of accounting for the Central and State Governments.
- Administer the process of payments, receipts and accounting matters in the Central Civil Ministries / Departments.
- Prepare, consolidate and submit the monthly and annual accounts of the Central Government through a robust financial report system aimed at effective implementation of the Government fiscal policies.
- Coordinate and assist in the introduction of Management Accounting Systems in Ministries/ Departments with a view to optimizing the utilization of Government resources through efficient cash management and an effective Financial Management Information System(FMIS).
- Administer banking arrangements for disbursements of Government expenditures and collection of government receipts and interact with the Central Bank for reconciliation of cash balances of the Union Government.
- Establish a sound Human Resource Management for recruitment, deployment and to improve the career profile management of officers and staff, both at the supervisory level and at the operational level within the Indian Civil Accounts Organization.

7.2.2 Financial Reporting - Monthly and Annual

- A detailed analysis of the monthly trends of receipts, payments, revenue and fiscal deficit and its sources of financing are presented to the Union Finance Minister. This analysis has over a period of time evolved into an extremely useful tool for monitoring budgetary compliance and for decision making. In accordance with the Government's policy towards imparting greater transparency, an abstract of the Union Government accounts is released every month and placed on the CGA's website (<http://www.cga.nic.in>).
 - Utilizing the advancements in technology, the O/o CGA provides a report of weekly flash figures of receipts, payments and deficit to Ministry of Finance so as to help in decision making.
 - As a best practice, the O/o CGA also submits the Provisional Accounts of the Government of India within two months of completion of each financial year. The professionalism with which these accounts are prepared is evident from the high accuracy attained in the last few years, as only marginal variations have been observed between the Provisional Accounts and the final audited Annual accounts.
 - ♣ The O/o CGA undertakes an exercise aimed at reconciliation of Reserve Bank Deposit and Public Sector Banks Suspense, Authorization and Change of Accredited Banks for handling Government transactions i.e. for Civil and Non-Civil Ministries/Departments. Standing Committee Meetings, APEX Committee Meetings and Private Sector Banks Meetings are periodically conducted to review the handling of Government transactions by Banks.
- stakeholders with a real time, reliable and meaningful management information system and an effective decision support system. NIC, DeitY is the technology partner.
- It is noteworthy that PFMS makes a direct and significant contribution to the Digital India initiative of GoI by enabling electronic payment and receipts for Ministries/Departments in GoI.
 - PFMS was started (in 2009) as a Central Sector Scheme of Planning Commission with the objective of tracking funds released under all Plan schemes of GoI, and real time reporting of expenditure at all levels of Programme implementation. Subsequently (2013), the scope was enlarged to cover direct payment to beneficiaries i.e. Direct Benefit Transfers (DBT) under both Plan and non-Plan Schemes. The latest enhancement in the functionalities of PFMS commenced in late 2014, wherein it has been envisaged that digitization of accounts shall be achieved through PFMS. The enhanced application would cater to all Plan and Non Plan payments of GoI, all tax and non-Tax receipts and also functions such as a comprehensive HRMIS and self-contained pension as well as GPF modules. It is expected that over a period of coming few years, the various existing standalone systems currently catering to these functions shall be integrated into PFMS.

7.2.3 Achievements:

- ♣ The Union Government's Finance and Appropriation Accounts for the year 2014-15 along with the Audit Report of the Comptroller & Auditor General of India were presented to Parliament on 22.12.2015. This is the second time since independence that the Annual Accounts of the Union Government have been tabled in Parliament in the same calendar year.

7.3 IT Initiatives:

7.3.1 Public Financial Management System(PFMS)

- The Public Financial Management System (PFMS) is a web-based online software application designed, developed, owned and implemented by the O/o CGA. The primary objective of PFMS is to facilitate sound Public Financial Management System for Government of India (GoI) by establishing a comprehensive payment, receipt and accounting network. PFMS provides various

- > At present, the Financial Management functions being delivered by PFMS can be divided into four broad categories:-
- > Fund Flow Tracking of GOI schemes (for nearly 100 schemes of GoI).
- > Direct Benefit Transfer (DBT) (data provided in following section).
- > Payment & Accounting of all GoI transactions (Plan & Non Plan) (under implementation in 150 Pay and Accounts offices spread across nearly 50 departments/ministries of GoI).
- > Non Tax Receipt Portal (NTRP) for online collection of GOI non-tax receipts (under testing with 6 departments/ministries).

7.3.2 Strengths/Achievements of PFMS

- Integration with the banking network in the country: The biggest strength of PFMS is its integration with the banking system in the country. As a result, PFMS has the unique capability to push online payments to almost any beneficiary/vendor. At present, PFMS interface is completed with the Core Banking

System (CBS) of 93 Banks in the Country: all Public Sector Banks (26), Regional Rural Banks (54), major private sector banks (9), Reserve Bank of India, India Post and Cooperative Banks (2).

- Capturing the entire span of a financial transaction: For both payment and receipt transactions, PFMS caters to all elements of an online financial transaction i.e. the user interface, the payment/receipt functionality, government banking arrangement (agency banks and RBI), accounting of the transaction, reconciliation and audit trail.
- Online solution for Non Tax Revenue: the Non Tax Receipt Portal (NTRP), also known as the Bharatkosh, is the first online one stop solution for electronic capture of non tax receipts of Government of India. Some of the immediate benefits of such a portal would be:
 - > Ease of business for the citizen
 - > Proper accounting of receipts
 - > Better monitoring of the receipts by the parent departments/ministries.
- Availability of real time data for Decision Support System for senior management in Gol:
 - > Number of DBT beneficiaries has been increasing steadily. As of December 2015 nearly 13 crore beneficiaries have received payments via different schemes. It is noteworthy that the target for this purpose, as mentioned by Hon'ble FM in his budget speech for 2015-16, was 10 crore beneficiaries.
 - > DBT through PFMS is being done for other schemes across all the states and so far 12.82 crore beneficiaries with total benefit amount of Rs. 36,339 crore have been paid since 01.01.2013.
 - > Data on float in the system is available (for all agencies registered on PFMS) on a daily basis.
 - > As on December 2015, nearly 17.8 lakh agencies are registered on PFMS.
 - > Pan-India roll out of MNREGS payments for Bank Account holders started from 1st April, 2015 and 15.99 crore credits have been done for Rs. 19,550 crore through PFMS up to Pan-India roll out of Indira Awas Yojana (IAY) payments for Bank Account holders started from July, 2015 and 11.91 Lakh credits have been done for Rs. 3,483 crore through PFMS up to December, 2015.
 - > PDS Subsidy - Ministry of Food has implemented cash-transfer in lieu of food grains for PDS cash subsidy in Chandigarh and Puducherry through PFMS.

7.3.3 Other IT initiatives

- Web Ratna Award 2014: The website of the office of the Controller General of Accounts www.cga.nic.in has been conferred with the prestigious Web Ratna Award 2014 - Silver Icon in the category "Comprehensive Web presence – Ministry/Department" by the Hon'ble Minister for Communications and Information Technology, Shri Ravi Shankar Prasad in the Award ceremony held on 25th March 2015 at India Habitat Centre, New Delhi.

7.3.4 Technical advice on Accounting matters:-

- The Technical Advice Wing of the O/o the CGA is the repository of technical information on Government accounts and is consulted widely by the Central Civil Ministries, Non Civil Ministries and State Governments on various budgeting, accounting and financial issues for core technical advice and guidance. With its technical competence, this section has been assisting these Ministries and Governments in formulating sound accounting policies and procedures over the years within the realm of Receipt and Payment Rules, Pension Rules, Treasury Rules, Government Accounting Rules and Manuals or detailed procedural guidelines based on such Rules. The section has also been providing reasonable assurance to the stakeholders on a variety of accounting issues within the purview of rules and regulations to ensure a systematic accounting and financial reporting.
- The Technical Advice section administers the Central Government Account (Receipt and Payment) Rules, 1983 in exercise of the powers conferred by Clause (1) of Article 283 of the Constitution of India regulating the custody of the Consolidated Fund of India and the Contingency Fund of India and the Public Account. These Rules also regulate the withdrawal of money from such funds and any other matter connected therewith.
- It has strongly been felt over the past few years that these Rules require a thorough revision considering the changing requirements of the stakeholders with the changes in Government policies and schemes. There has also been revision of other ancillary Rules and procedures which are required to be reflected and correlated properly in the Receipt and Payment (R&P) Rules. With this view, a comprehensive revision of the R&P Rules has been attempted and a draft has been prepared. A committee of officers has been formed to examine the Rules in the context of changed requirement of the Governments and the report of the Committee is expected shortly. After the examination of the Rules by the Committee, the

exposure draft would be circulated to the Ministries for their valuable comments.

- The TA section also administers the Civil Accounts Manual (CAM) which is the repository of detailed procedural guidelines based on R&P Rules, 1983, Government Accounting Rules, 1990 and Pension Rules etc. The Manual has been amended from time to time by issuance of correction slips to incorporate the changed provisions of various Rules. However, a complete revision of CAM is also in the process to make it updated with the latest Government policies and requirements.
- The list of Major and Minor Heads of Accounts is updated timely by the TA section to cater to the requirements of the Central Ministries and the State Governments with new plans and schemes launched and policies amended.
- As one of the milestones in the area of Information Communication Technology (ICT), the O/o CGA is in the process of introducing the Cheque Truncation System (CTS) for Central Government transactions. Under this system, the cheques in physical form shall be retained at the presenting bank and the payment shall be made by the drawee bank based on the electronic image of the instrument. This will ensure speedy clearance and reconciliation of the receipts and payments in future.

7.4 Internal Auditing

- The Controller General of Accounts is responsible for maintaining the requisite technical standards of Accounting in the Departmentalized Accounting offices and for monitoring of financial performance and effectiveness of various programs, schemes and activities of the civil ministries through its Internal Audit units in the respective Ministries/ Departments. The Internal Audit Division of office of CGA is providing necessary guidance and support to Internal Audit units of the line Ministries/ Departments on different aspects of risks to establish effective internal controls for better Public Financial Management.

7.4.1 **Achievements/ New Initiatives under Internal Audit**

- The Controller General of Accounts has developed a risk based control framework in the form of Generic Internal Audit Manual to guide the internal audit engagements. The manual not only explains the complexities associated with the internal audit functions but also facilitates the entire process by providing audit process, templates and guidelines.
- A directional shift in the scope and approach of internal audit has been initiated by the organization by infusing two concepts- "Risk Assessment" and

Performance Evaluation" for strengthening financial management and internal controls. The line Ministries are being encouraged to plan the audit assignments by adopting the Risk Based Auditing approach. Risk Based Audit in selected Ministries is being conducted on pilot basis.

- The organization is also focusing on the use of Computer Assisted Audit Tools for more transparency and accountability. Electronic Risk Assessment Software (eRAS), a diagnostic tool for internal audit has been developed in collaboration with NIC. This diagnostic tool [eRAS] is not only helpful to the audit in planning, sampling and conducting the audit efficiently but it is also helpful to the management / stakeholders to have a review of the functioning of their entities [PAOs only] in their offices instead of visiting these offices located at different places in different states.
- The organization is also reviewing the performance of the internal audit units of the line Ministries/ Departments. The Annual Review on the performance of Internal Audit Wings of Civil Ministries depicts the information on different shortcomings of the Civil Ministries in the form of observations. The Annual performance reports of the different Ministries/Departments are analyzed and summarized by the Internal Audit Division for the purposes of brevity and ease of presentation. The outcome of Internal Audit through recoveries effected in pursuance to the observations of the Internal Audit is also included to reflect the impact of Internal Audit.
- The organization has also constituted a committee to examine the draft Gender Audit Guidelines circulated by the Ministry of Women & Child Development so as to recommend the framework / roadmap for the conduct of Gender Audit of Schemes of the Government of India.
- For capacity building, a Seminar on "Enhancing Effectiveness of Internal Audit: Issues & Challenges" was organized on 24th November, 2015 at India Habitat Centre, New Delhi in collaboration with Institute of Chartered Accountants of India (ICAI). The seminar was intended to achieve quality Risk Based Internal Audits that effectively and consistently result in value addition to the organizations operations. The Seminar was inaugurated by Finance Secretary. The participants in the Seminar included Financial Advisers of the Govt. of India, Heads and other officers of Accounting Services (Defence /Railways/P&T/Civil) along-with professional bodies like ICAI / Institute of Internal Auditors (IIA) and Idea Software besides representatives from National Institute of Financial Management (NIFM). The speakers made some

significant recommendations for strengthening of Internal Audit in Government of India.

7.5 Monitoring Cell

The Monitoring Cell placed under the O/o CGA is responsible for:-

- Coordination and monitoring the progress of submission of corrective/remedial action taken notes (ATNs) on the recommendations contained in Public Accounts Committee's reports.
- Coordination, collection and monitoring the submission of corrective/remedial Action Taken Notes on various paras contained in C&AG Reports (Civil, Defence Services, Railways and other Autonomous Bodies).
- Coordination, collection and timely submission to the Public Accounts Committee of the relevant Explanatory Notes duly vetted by the Audit on excess expenditure and savings of Rs.100 crores and above, appearing in the Annual Appropriation Accounts.
- Following up matters with various Ministries/ Departments of the Government of India to ensure that, the recommendations made in PAC Reports are finalized well within time given by the Lok Sabha Secretariat.
- Bringing to the notice of various Ministries/ Departments the observations made by the PAC in its reports regarding the delay either in sending the Action Taken Notes or in their being vetted by the Audit.

7.5.1 Web Based Audit Para Monitoring System (APMS):-

- On the recommendation of PAC, Audit Para Monitoring System (APMS) has been implemented for computerized monitoring of the pendency of Action Taken Notes (ATNs) of C&AG Paras at various stages by the Ministries/Departments. Ministries/Departments are being also made aware of the new features/upgradation in the APMS module by giving them regular training.
- Another centralized computerized online monitoring to check the status of the preparation and submission of the Explanatory Notes at every stage by various Ministries/ Departments is being developed in order to avoid delays on the recommendation of PAC. Position of ATNs in respect of summary of audit observations is incorporated in the Annexure-III.

7.6 Training- Institute of Government Accounts and Finance (INGAF)

- INGAF established in 1992 is presently in its 24th year. It is the focal point of training initiatives of Controller General of Accounts (CGA). It is making

pivotal contribution for meeting training requirements of Civil Accounts Organisation (CAO) through its Regional Training Centers (RTCs) at New Delhi, Mumbai, Chennai, Kolkata and Aizwal. Its training mandate includes capacity building at all levels of the personnel belonging to Civil Accounts Organisation.

- It also takes up sponsored or customized programmes for Ministries/Departments of Government of India, State Governments, Union Territories and Public Sector Undertakings. In addition, it also conducts international programmes for delegates from the Indian Technical and Economic Cooperation (ITEC) and Special Commonwealth Assistance for Africa Program (SCAAP) in collaboration with Ministry of External Affairs, Government of India and bilateral programs with neighboring SAARC countries.
- Its programs are academically rigorous, designed to catalyse change and stimulate active peer learning in areas as diverse as Government Accounts, Financial Management, Cash Management, Treasury management, Fiscal and Budgetary Reforms, Pension and Pensionary Reforms, Internal Audit, Procurement, Project Management Financing and Appraisal, Administrative Procedures, Service Rules, Public Policy, Human Resource Management, Leadership and Change Management – using interactive multimedia and advanced IT tools.

7.7 Training Highlights 2015-2016:

- Induction Programme for ICAS Officers.
- Short term training programmes for officials of Civil Accounts Organisation.
- Sensitization workshops on PFMS.
- Outreach Programmes conducted by Regional Training Centres.
- Customised Programmes for National Institute of Communication and Finance (NICF), National Investigation Agency (NIA), National Sample Survey Organisation (NSSO), Enforcement Directorate and a host of other public sector entities.
- Support to neighboring countries like Afghanistan, Bhutan and Nepal etc. through bilateral workshops.
- International workshops on Public Expenditure Management / Financial Management for delegates from the ITEC/SCAAP consortium.

7.8 Central Pension Accounting Office (CPAO):

- The Central Pension Accounting Office (CPAO) was established w.e.f. 1st January, 1990 for Payment and Accounting of Central (Civil) Pensioners and Pension to Freedom Fighters etc. CPAO is a

subordinate office under the O/o Controller General of Accounts, Department of Expenditure, M/o Finance. It has been entrusted with the responsibility of administering the scheme of payment of pension to Central Government (Civil) Pensioners through authorized Banks.

7.8.1 Functions:-

- Issue of Special Seal Authorities (SSAs) authorizing payment of pension in fresh as well as revision of pension cases to the CPPCs (Central Pension Processing Centers) of pension disbursing Banks;
- Preparation of Budget for the Pension Grant and accounting thereof;
- Audit of CPPCs of pension disbursing Banks;
- Maintenance of Data Bank of Central Civil Pensioners containing all details indicated in the PPOs and Revision Authorities;
- Handle the grievances of Central Civil Pensioners; and
- As an interim arrangement, payment of provisional pension to the pensioners/family pensioners covered under *New Pension Scheme* as per orders of Ministry of Finance
- The primary function of CPAO is to issue SSAs to the CPPCs of Banks in fresh and revision of pension cases. In 2015, CPAO has issued following number of SSAs –
- In 2014-15, 40,715 and 1,24,598 authorities were issued in fresh and revision pension cases respectively. In 2015-16, till 23 December, 2015 24959 and 123170 authorities were issued in fresh and revision pension cases respectively.
- As per DP&PW OM dated 30.07.2015; according to CPAO data base, 71,515 pensioners/family pensioners have been entitled to get the benefit of revised pension from 01.01.2006 instead of 24.09.2012. Upto 23 December, 2015, revision authorities in 63,075 have already been sent to banks.

7.8.2 Significant Decision/Initiatives for improving delivery of public services:

- Reduction in paper movement of Authorities: Paperless movements of digitally signed e-Revision Authority from Central Pension Accounting Office (CPAO) to 4 Banks i.e. SBI, PNB, Bank of Baroda and Canara Bank has been implemented resulting in saving of time and operational cost and improvement in efficiency.
- To make successful Digital India Mission of the Government, the pensioners have been made aware of the benefits of Aadhaar number seeding in their accounts. Consequently, a considerable number of pensioners (about 44 percent) have got

seeded their Aadhaar numbers with their pension accounts & PPOs and they have been in a position to avail the facility of getting their life authenticated on line by using digital life certification (Jeevan Pramaan) in case they desired to do so.

- With the help of banks, media and Pensioners Association, pensioners have been pursued to provide their contact details while submitting Life Certificate for better service delivery to them.
- Life Certificate format for the pensioner has been modified and provision for acknowledgement by the bank has been introduced. Further, the bank has to mention submission of Life Certificate by the pensioner in the payment scroll to CPAO to enable monitoring of the same.
- As a step towards making pensioner better informed and empowered, facility of informing pensioner through SMS of receipt of fresh Pension Payment Order/Revision Cases from the PAO at CPAO and sending Pension Payment Order (Special Seal Authority) to banks for arranging payment has been provided to those pensioners who have provided their mobile numbers. As a result, pensioner can easily track the movement of their pension case. This is in addition to already available facility on the website of CPAO (www.cpao.nic.in) to pensioner to track their pension processing status at CPAO by providing 12 digit PPO number.
- CPAO is now running fully functional Grievance Redressal Mechanism (GRM) and a pensioner can lodge grievance through telephone on Toll Free No, website, e-mail, letters or personal visit. The queries and grievances of pensioners are attended on highest priority by qualified personnel. In 2014-15; a total Rs. 87,553 grievances were received and settled whereas in 2015-16, till November, 2015 a total of 37,862 grievances were received and settled.
- To integrate the tracking of pension processing and payment system, a link on CPAO's website has been provided to 'Bhavishya' System of 'Pension Tracking' developed by Department of Pension and Pensioners' Welfare. This is a very good example of collaboration between departments to provide better services to pensioners by integrating existing facilities.
- Download facility of Special Seal Authority (PPO) from CPAO's website by using login and password provided by CPAO has been given to pensioners. Consequently, they need not separately approach CPAO to provide copies of their SSAs issued to the banks. This facility ensures digital presence and availability of records for pensioner.

- With the implementation of e-scrolls, CPAO is now in a better position to audit the monthly payments to pensioners by banks. CPAO can also monitor the payment of first credit in fresh pension case through e- Scrolls.
- Daily progress report on disposal of PPOs is being reviewed through "Daily Status Report" generated through PARAS (Pension Authorization Retrieval & Accounting System) Software.

7.8.3 E-Governance activities at CPAO

CPAO is a fully computerized office. A wide range of softwares/packages have been developed/implemented in this office for streamlining pension authorization, accounting, grievance redressal etc. which include:-

- Pension Authorization Retrieval & Accounting System (PARAS):-** For processing of pension cases received in this office and issue of Special Seal Authority to banks. This software is currently being upgraded. This software has created digital database of pensioners. Various MIS reports are also generated by this software for monitoring purposes.
- COMPACT:-** For compiling Monthly Accounts and expenditure relating to this office. This software is provided by the O/o the CGA.
- Database Management Software:-** Software for comparison of bank's database with CPAO's database of pensioners has been developed and exception reports are generated by it to clean up the database and establish a completely matching database at both the ends.
- Grievances Redressal Management Software:-** NIC, CPAO has developed a software for Grievance handling where grievances received from pensioners are registered and processed in an organized manner.
- e-scroll software:-** This software has been developed and introduced recently for processing of payment and receipt scrolls from CPPCs and 'put through statement' from Reserve Bank of India for speedy accounting and reconciliation at CPAO
- e-PPO/e-revision:-** This system has been developed for sending online digitally signed authorities from CPAO to CPPCs of banks for arranging payment to the pensioners. At present, under pilot run of this project, digitally signed revision authorities are being sent to four banks from CPAO.
- Bar-coding software:-** Bar-coding system was accommodated in PARAS this year with the help of postal Department for speedy transmission of pension papers to CPPCs.

8. Office of Chief Adviser Cost

8.1 The Office of the Chief Adviser Cost (CAC) is responsible for advising the Ministries and Government Undertakings on cost accounts matters and to undertake cost investigation work on their behalf. Office of Chief Adviser Cost is one of the divisions functioning in the Department of Expenditure. It is a professional body staffed by Cost/ Chartered Accountants.

8.2 The Chief Adviser Cost's Office, is dealing with matters relating to costing and pricing, industry level studies for determining fair prices, studies on user charges, central excise abatement matters, cost-benefit analysis of projects, studies on cost reduction, cost efficiency, appraisal of capital intensive projects, profitability analysis and application of modern management tools evolving cost and commercial financial accounting for Ministries/ Department of Government of India.

8.3 It was set up as an independent agency of the Central Government to verify the cost of production and to determine the fair selling price for Government Departments including Defence purchases in respect of the cases referred to it. The role of the office was further enlarged and extended to fixing prices for a number of products covered under the Essential Commodities Act, such as, Petroleum, Steel, Coal, Cement, etc. under the Administered Price Mechanism (APM). Since cost/pricing work in the Ministries increased significantly, various other Ministries/Departments started to have their in house expertise by seeking posting of services of officers for work needing expertise in cost/commercial accounts matters. In the post liberalization era, the office is receiving and conducting studies in synchronization with the liberalization policy of the Government in addition to the traditional areas of cost-price studies.

8.4 The Chief Adviser Cost's Office is also cadre controlling office for the Indian Cost Accounts Service (ICoAS) and looks after training requirements of the officers for continuous up-gradation of their knowledge and skills, in addition to rendering professional guidance to the ICoAS officers working in different participating organizations.

8.5 The major areas of professional functions of the office of the Chief Adviser Cost are as under:

- Assisting all Central Government Ministries/ Departments/ Organizations in solving complex Price/Cost related issues, in fixing fair prices for various services/products and rendering advice to various Ministries/Departments in cost matters.
- Examination/Verification of claims between Government Departments/Public Sector undertakings and suppliers arising out of purchase contracts.

- (iii) Determining prices of products and services supplied to Government, in order to enable Government Departments to negotiate the prices with the supplying organizations.
 - (iv) Unit specific as well as industry level studies for determining cost/ fair prices and making recommendations for fair prices/ rates for products and services and also to determine reasonableness of prices charged duty structure, etc.
 - (v) Valuation of assets and liabilities of business taken over and shares of public sector undertakings.
 - (vi) Functioning as Chairman/ Members of Committee constituted by Government/ different Departments related to Cost/financial and pricing matters.
 - (vii) Cost and performance audit of industrial undertaking.
 - (viii) Subsidy determination and verification of claims under Market Intervention Schemes (MIS) and Price Support Schemes (PSS) for sharing of losses by State and Central Government.
 - (ix) Cost Accounting System for departmental undertakings/Autonomous bodies.
 - (x) Time and Cost Overruns of major projects.
 - (xi) Advise on matters relating to determination of Abatement Rate for purposes of Central Excise.
- 8.6** During the period January to December 2015, 60 studies/ reports were completed by the Office of Chief Adviser Cost. The studies completed during the year varied widely in nature and may be broadly categorized under the following heads:
- (i) System Study**
 - a) Fixation of Common Hourly Rates and Overhead percentages in respect of Government of India Presses at Temple Street, Kolkata, Nilokheri, Aligarh, Koratty, Rashtrapati Bhawan, Chandigarh, Santragachi, Faridabad and Coimbatore for various years.
 - b) Cost of production & Selling Price for items of Postal Stationery produced and supplied by Security Printing Press Hyderabad to Department of Posts and by ISP, Nashik for the year 2013-14.
 - c) Study on Warship Norms for Piping Work of Defence Shipyards.
 - d) Review of Cost Methodology of Indian Remote Sensing (IRS) Satellites.
 - e) Review of Benchmark of Civil Construction Cost etc. (Committee Study)
 - (ii) Fair price of goods purchased/services purchased on Single Tender basis or from limited sources**
 - (a) Fixation of fair price of Bed Sheets produced and supplied by ACASH.
 - (iii) Fair selling price of products/service where Government/Public Sector Undertaking is the Producer/Service provider as well as the user**
 - a) Fixation of final price of DDT 50% supplied by Hindustan Insecticides limited to NVBDCP for the year 2013-14, revision of fair price of DDT 50% for the years 2011-12 and 2012-13 and provisional price for the year 2014-15.
 - b) Fixation of fair price of Coins supplied by India Govt. Mints at Hyderabad, Mumbai, Kolkata and NOIDA to RBI during the year 2012-13 and 2013-14.
 - c) Fixation of Rates of Compensation for NGADU supplied by IREL to BARC for the year 2012-13.
 - d) Fixation of Fair Price of GSCN/SG Coaches supplied by M/s Bharat Earth Movers Limited, Bangalore to Indian Railways during the year 2013-14.
 - e) Fixation of Fair Selling Price of the year 2014-15 in respect of Tear Gas Gun and Multi Barrel Launcher manufactured by CENWOSTO, BSF, Tekanpur, Gwalior.
 - f) Fixation of Fair Selling Price for the year 2014-15 & 2015-16 in respect of Tear Smoke Munitions (TSMs) manufactured by Tear Smoke Unit (TSU) BSF, Tekanpur, Gwalior.
 - g) Fixation of fair price of Rail Products of SAIL supplied to Indian Railways for the year 2012-13 and 2013-14.
 - h) Pricing of Digital Products of Survey of India
 - i) Fixation of fair price of ACEMU Transformers for BHEL Jhansi for the year 2011-12.
 - j) Revision of prices of Topographical Maps of Survey of India for the year 2013-14.
 - k) Recommendation of fair price of Electronic Voting Machine (EVM) and Voter Verifiable Paper Audit Trail (VVPAT) for the year 2013-14.
 - l) Vetting of prices of Ayurvedic/Unani Medicines supplied by M/s Indian Medicines Pharmaceutical Corporation Limited (IMPCL) to CGHS dispensaries for the pricing period 2013-14.

- m) Fixation of fair price of condoms for the year 2012-13 and 2013-14.
- n) Vetting of the cost of quoted items in the proposal of M/s GSL Ltd. for supplying 75 boats to MHA under Coastal Security Scheme, Phase II.
- (iv) **Fixation of service charges for the services rendered by a Govt. Department/Agency on behalf of the other**
- a) Vetting of claims under Market Intervention Scheme (MIS) for Procurement of Ginger in Nagaland for the 2014-15 season.
- b) Determination of cost of Resident Identity Card under the Scheme of creation of NPR in the coastal areas.
- c) Fixation of rental charges in respect of Sirifort Auditorium Complex for the year 2013-14.
- d) Assessment of fair rent for the space available in J.N. Stadium.
- e) Fixation of rentals to be charged by Prasar Bharti (PB) for sharing infrastructure with private FM Broadcasters under Phase III.
- (v) **Determination of subsidy**
- a) Payment of subsidy to Northern Railway for the year 2013-14 with respect to Catering Unit in PMO.
- b) Payment of Subsidy to Northern Railway catering unit functioning in Parliament House Complex for the year 2013-14.
- c) Price Support Scheme (PSS) of Special Grade Milling Copra procured in Andhra Pradesh by NAFED during the season 2012.
- d) Vetting of Audited Accounts for MIS for ISKUT in order to determine the share of loss to be borne by central government for the state of Mizoram for the year 2012-13.
- e) Vetting of Subsidy rates for new LPG Bottling Plant commissioned in Dumad (Gujarat) and Muzzafarpur (Bihar) after 31st March 2002.
- f) Vetting of claim for Price Support Scheme (PSS) Ball Copra for 2012 season.
- g) Vetting of claims for Price Support Scheme(PSS) sunflower seed for the kharif crop 2012-13 season.
- h) Vetting of claims for Price Support Scheme(PSS) for Pulses 2012-13 Rabi season for SFAC (Small Farmers Agri-Business Consortium).
- i) Report on vetting of claim for Price Support Scheme (PSS) Cotton for 2009-10 season.
- j) Report of Subsidy payable to Northern Railway catering unit functioning in Prime Minister's Office for the year 2014-15.
- k) Report on Vetting of Claims for Price Support Scheme (PSS) Gram for Rabi-2005 Season.
- vi) **Balance Sheet on accrual accounting principles in case of Departmental manufacturing units**
- Performa Balance Sheet and Income & Expenditure Account of Tear Smoke Unit, Border Security Force (BSF), Tekanpur (Gwalior) for the year 2014-15.
- (vii) **User Charges**
- a) Review of Non-Tax Revenue - User Charges in respect of Indian Rubber Manufacturer Research Association, Thane, Maharashtra.
- b) Fee and User charges in respect of Jawaharlal Nehru Aluminium Research Development and Design Centre (JNARDDC), Nagpur, Maharashtra.
- c) Fee and user charges in respect of National Institute of Miner's Health, Nagpur, Maharashtra.
- d) Review of Fee and User Charges of Indian Bureau of Mines, Nagpur, Maharashtra.
- (viii) **Other studies**
- Valuation of compensation for Mine Infrastructure of 108 coal Blocks.
- 8.7 **Major Committees Represented**
- Officers of Chief Adviser Cost Office because of their expertise in costing/finance/commercial accounting have also served as Chairman/Members on the following major multi-disciplinary Inter-Ministerial/ Expert Committees:
1. National Pharmaceuticals Pricing Authority, Department of Pharmaceuticals.
 2. Board of Governors and the society of the National Institute of Financial Management (NIFM), Faridabad.
 3. Governing Body of Tear Smoke Unit, BSF, Tekanpur.
 4. Rate Structure Committee under the Chairmanship of AS&FA, Ministry of Information and Broadcasting to review the DAVP advertisement rates.
 5. Committee on "Modernization of Costing System in India Post" in Department of Post, Ministry of Communications.

6. Advisory Committee for consideration of techno-economic viability of major/ medium, flood control and multipurpose projects, coordinated by Central Water Commission.
7. Committee under JS (Atomic Energy) for examination of existing costing procedures and recommending modification in the methodology in respect of Nuclear Fuel Complex (NFC), Hyderabad.
8. Committee for review of costing methods of Heavy Water & also for reviewing the practices of accounting & pricing of Heavy Water Pool.
9. Committee to Review and Recommend Non Tax Revenue (User Charges) generated by India Meteorology Department, New Delhi.
10. Price Negotiation Committee for Electronic Voting Machines, Ministry of Law and Justice.
11. Committee of Ministry of Home Affairs for fixation of Deployment charges for Central Police Forces/ Rapid Action Force of CRPF.
12. Standing Committee of Experts under Drugs (Prices Control) Order, 2013.
13. Standing Committees to examine the reasons for time and cost overrun of various Ministries.
14. Standing Committees for Revision of Cost Estimates (REC) established in various Ministries.
15. Committee to examine specific issues with regard to Price regime applicable on sale of DDT by Hindustan Insecticides Ltd.
16. Special Committee for Inter-linking of Rivers.

8.8 Training

As per the extant training policy of DoP&T, this office organised first ever Mid-Career Training (Executive Development) Programme of 2 weeks duration from 26th October to 8th November 2015 in India and abroad involving 14 (fourteen) nominated Middle and Senior level Indian Cost Accounts Service officers.

8.9 e-Governance activities

The existing website www.cac.gov.in of the office of Chief Adviser Cost is proposed to be revamped thoroughly based on latest guidelines of GoI including RTI requirements. CAC intranet link for the internal use of Office of Chief Adviser Cost is also under updation/revamping.

8.10 Right to Information Act, 2005

Right to Information Act, 2005 is completely implemented. PIO and Appellate Authority have been

nominated under the said act and the information sought by the applicants is provided within the stipulated time. Recent guidelines including su motu (Proactive) disclosure under Sec 4(1)(b) of the RTI Act is under implementation.

8.11 Initiative undertaken for SC/ ST/ OBC/ Disabled

Recruitment to the entry level of ICoAS i.e., Assistant Director (Cost) is made on the recommendations of UPSC. All GoI policies on reservation for SC/ST/OBC/ Disabled categories are followed in the process.

9. Use of Official Language(Hindi)

9.1 Hindi Section of the Department of Expenditure is responsible for implementation of the provisions made under Official Language Act, 1963 and Official Languages Rules, 1976 as amended from time to time. It is also responsible for coordinating follow-up action on the suggestions/directions given by Kendriya Hindi Samiti, Committee of Parliament on Official Language, Hindi Advisory Committee and Central Official Language Implementation Committee. Other responsibilities of the section include implementation of various incentive schemes to enhance use of Hindi in official work, facilitation in nomination of officers/employees for Hindi language training, Hindi stenography/typing training and organization of Hindi fortnight/day. In addition to these, efforts for achieving annual targets fixed by Department of Official Language with regard to usage of Hindi in official work are made in association with the sections/divisions/offices in the Department.

9.2. Officers/staff of the Department are nominated for Hindi Language, Hindi Stenography/typing training. Hindi Section is facilitating Administration Division for these training programs. During the year 2015, 6 officials were nominated for Hindi Stenography training.

9.3. To increase original correspondence with other Offices/individuals in Hindi, circulars were issued to Sections/Divisions/Offices from time to time. As per quarterly progress report for the quarter ended on December 31, 2015, original correspondence in Hindi with Region "A", "B" and "C" is 68.80%, 54.14% and 39.34% respectively while original Hindi correspondence during the quarter ended on December 31, 2014 stood at 68.50%, 58.85% and 36.86% respectively.

9.4. Regular Quarterly meetings of the Departmental Official Language Implementation Committee were held. These were held on March 19, June 24, September 30 and December 29, 2015. Discussions were held on quarterly progress reports received from various sections/divisions/offices of the Department and where shortcomings found, it was advised to increase usage of Hindi in official work.

9.5. In order to monitoring progress in implementation of provisions relating to Official Language, 9 Sections/ Offices viz. PF-II, FCD, E.Coord, E-III (B), IFU, Misc. Division, E-II (B), E.V and Office of CCA were inspected.

9.6. In order to overcome the practical difficulties faced in doing Official work in Hindi and to increase use of Hindi, two workshops were organized on November 20, 2015. Officials of the Department were apprised of the Official Language Policy of the Govt. and were also imparted training on how to work in Hindi on computers. 18 Officers/Officials participated in each of these workshops.

9.7. Quarterly Progress Reports regarding progressive use of Hindi were regularly received from Sections/Offices of the Department. A detailed review of progress reports (Part-I & II) in respect of the quarter ending 31.03.2015 was done keeping in view the targets prescribed in the Annual Program and Review Reports were sent to CGA, CPAO, INGAF and NIFM for follow up and necessary action.

9.8. Replies of letters received from Members of Parliament and other VIPs were promptly sent and follow-up action ensured. During January, 2015 to December, 2015, 02 applications received under RTI Act, 2005 were disposed off well in time.

9.9. During the year 2015 "Hindi Fortnight" was organized in the Department from 01-15 September, 2015. During "Hindi Fortnight" various competitions were organized which included Hindi Essay Writing, Noting-Drafting, Official Language and General knowledge, Hindi Stenography, Hindi Typing, Word Power, Dictation and Handwriting. In addition to this, a campaign was launched for undertaking more and more work in Hindi (minimum 2000 words) during the period of August 14 to September

15, 2015. As many as 164 officers and officials took part in these competitions enthusiastically. All the winners of first, second and third positions including two consolation prizes in these competitions were awarded cash prizes along with merit certificates by Hon'ble Minister of State for Finance in a prize distribution ceremony held on November 26, 2015.

9.10. Hindi translation of the documents falling under section 3(3) of Official Language Act, 1963, replies to the applications/appeals received under RTI Act, 2005 along with Brochure on Pay and Allowances by Pay and Research Unit of the Department was carried out.

10. Integrated Finance Unit (IFU)

10.1 The Integrated Finance Unit works under Joint Secretary & Financial Adviser (Finance) and deals with the expenditure and Budget related proposals under Grant No.40 - Department of Expenditure which includes (i) Secretariat General Services covering the establishment budget for the Department of Expenditure, Direct Benefit Taxes Division, Controller General of Accounts, Central Pension Accounting Office, Finance Commission Division, Staff Inspection Unit, Cost Accounts Branch and Chief Controller of Accounts; (ii) Other Administrative Services covering the budget for Institute of Government Accounts and Finance, National Institute of Financial Management, 7th Central Pay Commission, Expenditure Management Commission, Contribution to International Body (AGAOA) and the budget relating to payment of service charges to the Central Recordkeeping Agency for the New Pension Scheme; and (iii) Other General Economic Services covering the budget for Public Financial Management System (PFMS).

10.2 This Unit also monitors the expenditure under Grant No.41 – Pension; and Grant No.42 – Indian Audit & Accounts Department.

The allocations under the respective Grants are as under:-

(Rs. in crore)

Grant No.		Budget Estimates 2015-16			Revised Estimates 2015-16		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total
40 – Department of Expenditure	Revenue Section	4.00	152.84	156.84	44.30	151.73	196.03
	Capital Section	-	-	-	-	-	-
	Total	4.00	152.84	156.84	44.30	151.73	196.03
41 – Pensions	Revenue Section	-	27285.00	27285.00	-	27785.00	27785.00
	Capital Section	-	-	-	-	-	-
	Total	-	27285.00	27285.00	-	27785.00	27785.00
42 – Indian Audit & Accounts Department	Revenue Section	-	3414.05	3414.05	-	3196.00	3196.00
	Capital Section	-	15.00	15.00	-	7.50	7.50
	Total	-	3429.05	3429.05	-	3203.50	3203.50

10.3 The Integrated Finance Unit has expeditiously examined and disposed the financial and expenditure proposal pertaining to the Department of Expenditure including the proposals for appointment of Consultants, deputation abroad of officers, grants-in-aid to National Institute of Financial Management, duly observing austerity instructions issued by the Govt. from time to time.

10.4 The expenditure trend of Grant Nos.40, 41 and 42 have consistently been monitored and strict control has been exercised over the Govt. expenditure. A report of the review is regularly submitted to the Secretary (Expenditure) on quarterly basis.

11. CHIEF CONTROLLER OF ACCOUNTS

11.1 The Chief Controller of Accounts (CCA) is in overall charge of the payment and accounting set up of the Ministry. Some of the important functions of the CCA (Finance) are:

- (i) Budget related work
- (ii) Payments, accounting and internal audit in the Ministry of Finance
- (iii) Financial reporting to Chief Accounting Authority (i.e. the Secretary of the respective Department) and to the Controller General of Accounts
- (iv) Preparation of monthly and quarterly reviews of receipt and expenditure
- (v) Settlement of Pension cases and Pension authorization under various Pension Rules
- (vi) Pension payment to foreign pensioners residing in India on behalf of Sri Lanka, Singapore, UK and Burma
- (vii) Accounting and monitoring of Loans advanced to foreign countries
- (viii) Transfer of funds to and from CFI to Public Account of India
- (ix) Formulation of detailed Accounting procedures in respect of the Funds maintained under Public Account of India

11.2 ACHIEVEMENTS

(a) By using the technology, it was made possible to transfer the grants/loans to States within the same day of issuance of sanction and also to reflect it in the PFMS portal of CGA. Sanctions and IGA advices to RBI are also uploaded on the Finance Ministry web site [http://finmin.nic.in/state loan/state main.asp](http://finmin.nic.in/state%20loan/state%20main.asp) and are accessible to all the States.

(b) In the Pay and Accounts offices, most of the payments/releases are being made electronically and only few cheques are issued (like Government to Government). During the FY 2015-16 (up-to Feb 2016),

in the Department of Economic Affairs, payments/releases worth Rs. 2679.06 crore were made electronically through more than 16740 authorisations for electronic transfer of funds to the Bank accounts of vendors/beneficiaries, in addition to the Inter Government Advice (IGA) issued to RBI for direct transfer of funds to State Governments and other bodies. In the PAO, Economic Affairs, percentage of e- payment is 99.01%, whereas the PAO, Department of Expenditure made e-payment of 97.87% and issued 10844 authorisations for electronic transfer of funds for an amount of Rs. 81.30 crore up-to Feb 2016 in the FY 2015-16.

(c) During the year 2015-16 (up-to Feb 2016), the performance in the settlement of outstanding verification cases of absorbed employees of SPMCIL was significant. 14218 cases (99.93%) out of 14227 cases of Leave Encashment, 3051 cases (99.86%) out of 3055 cases of Combined Pension cases, 11,088 cases (99.8%) out of 11100 cases of Pro rata pension and 17350 cases (97.36%) out of 17820 cases of Leave Salary and Pension Contribution were achieved during this period.

(d) During 2015 CPAO has uploaded 14128 Pre-2006 pension cases for revision. Up to Feb 2016, 13924 cases (98.55%) have been revised by Pay and Account Offices. Rest of 204 cases are being revised expeditiously.

12. National Institute of Financial Management

12.1 The National Institute of Financial Management (NIFM) was set up in 1993 on the basis of a proposal made by Ministry of Finance, which was approved by the Union Cabinet. The Union Cabinet envisaged that NIFM would begin as a training institution for Officers recruited by the Union Public Service Commission (UPSC) through the annual Civil Service Examinations and allocated to the various services responsible for managing senior and top management posts dealing with accounts and finance in the Government of India. NIFM was to develop as a *Centre of Excellence* in the areas of Financial Management and related disciplines, "not only in India but also in Asia". In order to ensure that NIFM enjoys a greater degree of flexibility and autonomy than the departmental academies that existed at that time for officers training, it was decided that the Institute would be a legal entity known as 'Society'. Such societies are legally independent entities authorized to frame their own rules and regulations. This structure makes available greater autonomy in both academic and administration matters to the Institute, facilitating quick decision making in response to changing perceptions of desired goals and objectives.

12.2 Despite the legally autonomous character of the Institute, making the Finance Minister of Government of India, the President of Society, ensured a very close linkage with Government. For administrative purposes, there is a

Governing Board chaired by the Secretary (Expenditure). The Director appointed by the Appointments Committee of the Union Cabinet is responsible for the administration and academic programmes of the Institute. It will thus be seen that the Institute has close links and direct access to Government of India. The Institute recruits its Faculty either by deputation from civil services or by selection from the best in the academic field. The Institute therefore has a distinct advantage of a mix of faculty from academic as well as Government sector. The Institute adheres to norms prescribed by the All India Council for Technical Education (AICTE) with respect of faculty qualifications and strength.

12.3 Currently, the Institute runs five long-term programmes approved by AICTE -Professional Training Course of one year for newly recruited probationers of Accounting services called Diploma in Public Financial Management; a one year Diploma Course in Government Financial Management; a two-year Post Graduate Diploma in Management (Financial Management) programme for Officers of the Central Government, the State Governments, Public Sector Undertakings and other organizations under Government duly recognized as MBA equivalent by AIU and NBA accredited; and a one-year Post Graduate Diploma in Management (Financial Markets) to produce competent Researchers, Teachers and Consultants. In addition, NIFM also conducts a one

year Weekend Post Graduate Executive Programme in Financial Markets and various short term programmes for Central Government, State Government, PSUs, Autonomous Bodies. Officers from different foreign countries also participate in the said programmes. NIFM also provides consultancy services to various Departments and organizations of the Government of India, State Government, PSUs, Autonomous Bodies, Universities and Foreign countries. In 2014-15 (April 2014 to March 2015), NIFM trained 1691 participants in 71 programmes.

12.4 The Institute executed consultancy projects for various Ministries and Departments of Government of India. The Institute publishes bi-annual Journal and a Newsletter on monthly basis.

12.5 NIFM has established collaborations with several National and International Institutions. The Institute has implemented e-office, bio-metric attendance, CCTV, Security Surveillance and Video Conferencing Systems and tele lectures system. It is a matter of great pride that the NIFM has by now emerged as a "Centre of Excellence" in training, education, research and consultancy in the area of Financial Management both within and outside India.



DEPARTMENT OF EXPENDITURE
REPRESENTATION OF SCs, STs and OBCs

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	283	30	12	22	3	-	2	-	15	2	3	-	-	-
Group B	462	72	17	27	16	4	-	4	25	2	3	-	-	-
Group C	184	31	09	41	12	2	1	5	-	-	-	-	-	-
Group D (Excl.Safai Karamcharis)	140	47	07	12	-	-	-	-	-	-	-	-	-	-
Gr.D (Safai Karamcharis)	08	07	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1077	187	45	102	31	6	3	9	40	4	6	-	-	-

Annexure-II

DEPARTMENT OF EXPENDITURE
REPRESENTATION OF PERSONS WITH DISABILITIES

Group	Number of Employees				DIRECT RECRUITMENT								PROMOTION							
					No. of				No. of				No. of				No. of			
					Vacancies reserved				Appointments Made				Vacancies reserved				Appointments Made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
A	258	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
B	325	3	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
C	116	1	1	1	-	1	-	-	-	-	-	-	-	-	1	-	-	-		
D	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	723	5	1	4	-	1	-	-	-	-	-	-	-	-	1	-	-	-		

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
(iii) OH Sands for Orthopedically Handicapped (persons suffering from locomotors disability or cerebral palsy)



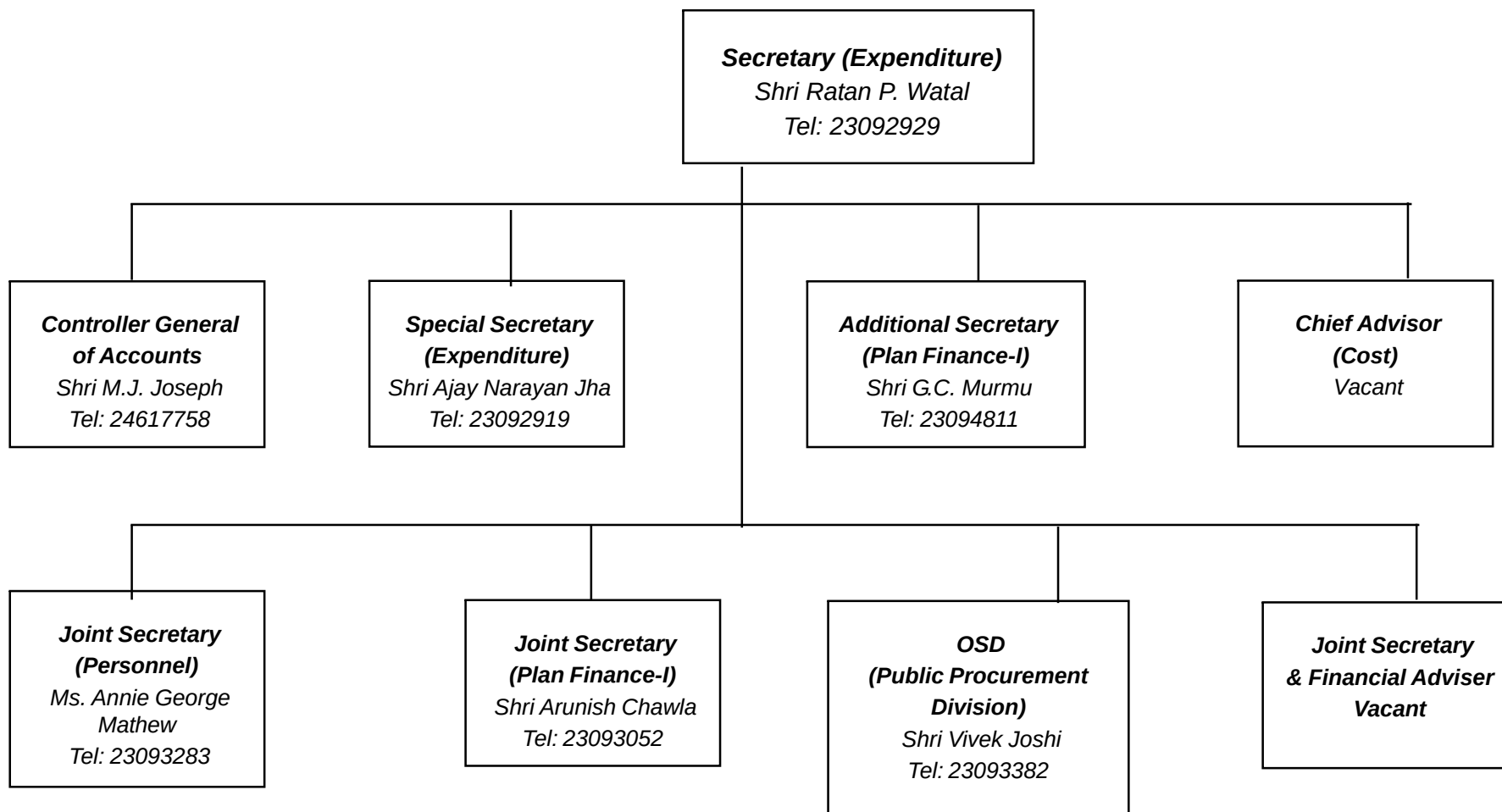
Annexure-III

Sl. No.	Year	No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by	Details of the Paras/PA reports on which ATNs are pending		
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry of PAC
1	2015	1350*	135**	276**	91**

* As on 31.12.2015

** As on 31.10.2015

ORGANISATIONAL CHART OF DEPARTMENT OF EXPENDITURE



Department of Revenue

1. Organisation and Functions

1.1 The Department of Revenue functions under the overall direction and control of the Secretary (Revenue). It exercises control in respect of matters relating to all the Direct and Indirect Union Taxes through two statutory Boards namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC). Each Board is headed by a Chairman who is also ex-officio Special Secretary to the Government of India. Matters relating to the levy and collection of all Direct taxes are looked after by the CBDT whereas those relating to levy and collection of Customs and Central Excise duties, Service Tax and other Indirect taxes fall within the purview of the CBEC. The two Boards were constituted under the Central Board of Revenue Act, 1963. At present, the CBDT and CBEC have six Members each.

1.2 The Department of Revenue administers the following Acts:

- i. Income Tax Act, 1961;
- ii. Wealth Tax Act, 1957;
- iii. Expenditure Tax Act, 1987;
- iv. Benami Transactions (Prohibition) Act, 1988;
- v. Super Profits Act, 1963;
- vi. Companies (Profits) Sur-tax Act, 1964;
- vii. Compulsory Deposit (Income Tax Payers) Scheme Act, 1974;
- viii. Chapter VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax)
- ix. Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax)
- x. Chapter V of Finance Act, 1994 (relating to Service Tax)
- xi. Central Excise Act, 1944 and related matters;
- xii. Customs Act, 1962 and related matters;
- xiii. Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
- xiv. Central Sales Tax Act, 1956;
- xv. Narcotic Drugs and Psychotropic Substances Act, 1985;
- xvi. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;

- xvii. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;
- xviii. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);
- xix. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
- xx. Prevention of Money Laundering Act, 2002; and
- xxi. Foreign Exchange Management Act, 1999.

1.2.1 The administration of the Acts mentioned at Sl. Nos. iii, v, vi and vii is limited to the cases pertaining to the period when these laws were in force. The Prevention of Money Laundering (Amendment) Bill, 2012 has been passed by both the Houses of Parliament and the same has also received assent of the President.

1.3 The Department looks after the matters relating to the above-mentioned Acts through the following attached/subordinate offices:

- i. Commissionerates/Directorates under Central Board of Excise and Customs;
- ii. Commissionerates/Directorates under Central Board of Direct Taxes;
- iii. Central Economic Intelligence Bureau;
- iv. Directorate of Enforcement;
- v. Central Bureau of Narcotics;
- vi. Chief Controller of Factories;
- vii. Appellate Tribunal for Forfeited Property;
- viii. Income Tax Settlement Commission;
- ix. Customs and Central Excise Settlement Commission;
- x. Customs, Excise and Service Tax Appellate Tribunal;
- xi. Authority for Advance Rulings for Income Tax;
- xii. Authority for Advance Rulings for Customs and Central Excise;
- xiii. National Committee for Promotion of Social and Economic Welfare;
- xiv. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985;

- xv. Financial Intelligence Unit, India (FIU-IND);
 xvi. Income Tax Ombudsman;
 xvii. Appellate Tribunal under Prevention of Money Laundering Act; and
- xviii. Adjudicating Authority under Prevention of Money Laundering Act.
- 1.4** A comparison of the collection of Direct and Indirect taxes during the financial year 2015-16 with that during the previous financial year is given below:

Sl. No.	Nature of Taxes	Amounts collected during the Financial Year		
		2014-15 (Upto Dec, 14)	2015-16 (Upto Dec, 15)	% age of growth over last year
1.	Corporate Income Tax	278205	305895	9.95%
2.	Personal Income Tax (excl STT & WT, etc.)	167769	185033	10.29%
3.	Other Taxes (STT & WT)	5778	6064	4.95%
4.	Central Excise*	119530	195618	63.7%
5.	Customs	137563	160016	16.3%
6.	Service Tax	119238	149233	25.2%
	TOTAL	828083	1001859	20.99%

* Exclusive of Cesses not administered by Department of Revenue.

1.5 An **Organisation Chart** of Department of Revenue is given at the end.

2. Revenue Headquarters Administration

2.1 The Department of Revenue looks after matters relating to all administration work pertaining to the Department, coordination between the two Boards (CBEC and CBDT), the administration of the Indian Stamp Act 1899 (to the extent falling within the jurisdiction of the Union), the Central Sales Tax Act 1956, the Narcotic Drugs and Psychotropic Substances Act 1985 (NDPSA), the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act 1976 (SAFEM (FOP) A), the Foreign Exchange Management Act 1999 (FEMA) and the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA), the Prevention of Money Laundering Act, 2002 (PMLA) and matters relating to the following **attached/ subordinate offices** of the Department:

- a. Enforcement Directorate
- b. Central Economic Intelligence Bureau (CEIB)
- c. Competent Authorities appointed under SAFEM (FOP) A and NDPSA
- d. Chief Controller of Factories
- e. Central Bureau of Narcotics
- f. Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
- g. Appellate Tribunal for Forfeited Property (ATFP)
- h. Customs and Central Excise Settlement Commission (CCESC)
- i. Income Tax Settlement Commission (ITSC)
- j. Authority for Advance Rulings (AAR) for Customs and Central Excise
- k. Authority for Advance Rulings (AAR) for Income Tax
- l. National Committee for Promotion of Social and Economic Welfare (NCPSEW)
- m. Financial Intelligence Unit, India (FIU-IND)
- n. Income Tax Ombudsman
- o. Indirect Tax Ombudsman
- p. Appellate Tribunal under Prevention of Money Laundering Act
- q. Adjudicating Authority under Prevention of Money Laundering Act

The DG (CEIB) reports directly to the Revenue Secretary. The Secretary (NCPSEW) reports to the Revenue Secretary through the Chairman, CBDT.

2.2 The following items of works are also undertaken by the Headquarters:

I. Appointment of –

- Chairman and Members of CBEC and CBDT
- Chairman and Members of ATFP
- Chairman, Vice Presidents and Members of CESTAT
- Chairmen, Vice Chairmen and Members of CCESC and ITSC
- Chairmen, Vice-Chairman and Members of AARs for Customs / Central Excise and Income Tax
- Director General of CEIB
- Director of Enforcement
- Competent Authorities (SAFEM (FOP)A and NDPSA)
- Director (FIU-IND)
- Income Tax Ombudsman
- Indirect Tax Ombudsman
- Chairperson and Member of Adjudicating Authority set up under PMLA
- Chairperson and Member of Appellate Tribunal set up under PMLA

II. Setting up of Commissions/Committees under the Department

III. Foreign training and assignment of officers of the Department

IV. Processing of the cases of deputation of IRS/ ICCES officers to Central Government under Central Staffing Scheme or any Board/PSU etc.

V. Issue of sanction for payment of annual contribution to the Customs Cooperation Council, Brussels (Belgium) and other international agencies.

2.3 Internal Work Study Unit (IWSU)

2.3.1 Being the Nodal Agency for dissemination of Government guidelines for bringing about improvement and efficiency, cleanliness and for effecting cost economy in the administration, the Internal Work Study Unit (IWSU) of the Department of Revenue, during the year 2015-16, continued its efforts to improve the quality of

administration in the organisations under the Department of Revenue. The Unit continued to liaise with the Department of AR&PG and SIU, Department of Expenditure on the following: -

- (i) Compilation and consolidation of orders/instructions;
- (ii) Review of rules & regulations and Manuals;
- (iii) Review of periodical reports and returns;
- (iv) Monitoring the progress of disposal of VIP and other pending cases; and
- (v) Annual Inspection of the sections in the Department of Revenue.

2.3.2 In addition to the above, the Induction Material of the Department has been updated regularly. The progress of disposal of pending VIP/ MP references in the Department has been monitored at the level of Secretary (Revenue) and Additional Secretary (Revenue) with the officers concerned in the Department. The pendency position of VIP references is compiled and circulated to MOS (Revenue) and senior officers of the Department every fortnight. This has reduced the pendency of VIP cases.

2.4 Economic Security (ES) Cell

2.4.1 Economic Security Cell is dealing with the administration and implementation of the Prevention of Money laundering Act, 2002. Based on PMLA, Economic Security Cell is also looking after framing / amendment of PMLA Rules on matters relating to Know Your Customer (KYC norms, setting up of special Courts under PMLA, Section 66 of PMLA – authorities to whom information to be disseminated etc. from time to time. The ES Cell handles all issues related to FATF.

2.4.2 Prevention of Money laundering Act (PMLA) was enacted on 17th January, 2003 and brought into force on 1st July 2005. The object of this Act is to prevent money laundering and to provide for confiscation of property derived from, or involved in, money – laundering and for matters connected therewith or incidental thereto. Two main objectives of the Act are:

- Criminalize money laundering and provide for attachment, seizure and confiscation of property involved in money laundering [Implemented by Enforcement Directorate]; and
- Prescribe obligations on banks, financial Institutions and intermediaries relating to KYC, record keeping

and furnishing reports [Implemented by Financial Intelligence Unit (FIU-IND)].

2.4.3 PMLA was amended in 2005, 2009, 2012 and 2015 to overcome the deficiencies and to meet the international standards on Anti-Money Laundering as prescribed by Financial Action Task Force (FATF).

2.4.4 Financial Action Task Force (FATF)

2.4.4.1 The Financial Action Task Force (FATF) is an inter-governmental body which sets standards, and develops and promotes policies to combat money laundering and terrorist financing.

2.4.4.2 The Forty Recommendations and Nine Special Recommendations of FATF provide a complete set of counter-measures against money laundering covering the criminal justice system and law enforcement, the financial system and its regulation, and international co-operation. These Recommendations have been recognized, endorsed, or adopted by many international bodies as the international standards for combating money laundering. India became the member of Financial Action Task Force (FATF) in June 2010.

2.5 Extension of tenure of the High Level Committee to interact with Trade and Industry on Tax Laws:

A High Level Committee had been constituted on 26.11.2014 for a period of one year under the Chairmanship of Shri Ashok Lahiri with two Members to interact with trade and industry on regular basis and to ascertain areas where clarification in tax laws is required. The High Level Committee will give recommendations to the CBDT/CBEC for issuance of appropriate clarification by way of circulars, instructions etc. on tax issues. An extension of term of the High Level Committee for another period of one year beyond 25.11.2015 has been given.

2.6 Setting up of Committee with a view to Simplify the provisions of the Income Tax-Act, 1961

Finance Minister, in his budget speech, 2015-16, has announced phased elimination of exemptions and incentives. Therefore with a view to simplify the provisions of the Income Tax Act, 1961, a committee has been constituted on 27.10.2015 for a period of one year under the Chairmanship of Justice R. V. Easwar (Retd.) former Judge, Delhi High Court and former President, ITAT with 9 Members.

3. Narcotics Control (NC) Division

The Narcotics Control Division administers the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985), which prohibits, except for medical and scientific purposes, the manufacture, production, possession, sale, purchase, transport, warehouse, use, consumption, import inter-State, export inter-State, import into India, export from India or transshipment of narcotic drugs and psychotropic substances. The policy of the Governments has thus been to promote use of narcotic Drugs and psychotropic substances for medical and scientific purposes while preventing their diversion from licit sources, and prohibiting illicit traffic and abuse. The Narcotic Drugs and Psychotropic Substances Act divides the powers and responsibility of regulation of licit activities. Section 9 of the Act has listed various activities which the Central Government can, by rules, regulate while Section 10 lists various activities which the State Governments can, by rules, regulate. Accordingly, Narcotic Drugs and Psychotropic Substances Rules, 1985 have been framed by the Central Government, which regulates cultivation of opium, manufacture, import/export of narcotic drugs and psychotropic substances. Further to prevent diversion of precursor chemicals, of wide industrial use, for illicit manufacturing of, narcotic Drugs and psychotropic Substances, the Narcotic Drugs and Psychotropic Substances (Regulations of Controlled Substances) Order, 2013 has been framed under Section 9A of the NDPS Act.

3.1. Functions/ Working of The Central Bureau of Narcotics (CBN)

3.1.1. Licit Opium Cultivation

As per Section 5(2) of the Narcotic Drugs and Psychotropic Substances Act, 1985, the Narcotics Commissioner shall, either himself or through the officers subordinate to him, exercises all powers and performs all functions relating to superintendence over cultivation of opium poppy and production of opium. He shall also exercise such powers and perform functions as may be entrusted to him by the Central Government. The licit cultivation of opium poppy is permitted only in certain districts and tehsils duly notified by the Central Government.

3.1.2. Control over trade of Narcotics Drugs, Psychotropic Substances and Precursor chemicals

India is a signatory to Single Convention on Narcotics Drugs, 1961, the Convention on Psychotropic Substances, 1971 & United Nations Convention against illicit traffic in Narcotics Drugs & Psychotropic Substances of 1988.

In India, control over Narcotic Drugs and Psychotropic Substances and precursor chemicals, are exercised as per provisions of The Narcotics Drugs & Psychotropic Substances Act, 1985 and the Rules and Orders made thereunder. CBN is Competent National Authority under above UN Conventions.

As per NDPS Act & Rules, Narcotics Drugs & Psychotropic Substances can only be exported out of India/ imported into India, under an export authorization/ import certificate, duly issued by the Narcotics Commissioner (Rule 58 and Rule 55 of the Narcotics Drugs & Psychotropic Substances Rules 1985). CBN is also assigned the responsibility for registration of contracts for import of poppy seed.

CBN is also the designated authority for control of import and export of specified Precursor Chemicals. The Narcotics Drugs & Psychotropic Substances (Regulation of Controlled Substances) Order, 2013 has been issued by the Govt. of India on 26-03-2013. This order came into force on 26th March, 2013. As per this order, 14 more substances, either Bulk or Preparation, and its salts, have been declared as controlled substances. Now, there are in total 17 Controlled Substances which requires No Objection Certificate (NOC) from the Narcotics Commissioner, Gwalior for Export or Import from/ in to India (Schedule 'B' & 'C').

Central Bureau of Narcotics also issues manufacturing license & renews the manufacturing license for manufacture of synthetic narcotic drugs.

3.1.3. Achievements:

The performance/ achievement with respect to issuance of NOCs issued by Central Bureau of Narcotics during the year 2015-16 and for the period from 01.04.2015 to 31.12.2015 for the export/import of Precursor Chemicals is as under:

No. of NOC issued from 01.04.2015 to 31.12.2015

For export of Controlled Substance	992
For import of Controlled Substance	176
No. of Pre-export Notifications issued	943
Number of Stop Shipments of Controlled Substances	4

International Narcotics Control Board (INCB) has developed online PEN system to make exchange of information between the competent National Authorities. CBN had issued 943 PEN's (01-4-2015 to 31-12-2015) to the competent authority of various importing countries, for verifying the legitimacy of the transactions. On the initiative, taken by Central Bureau of Narcotics, through online PEN system, CBN has identified and stopped many suspicious transactions of Precursor Chemicals suspected to be diverted from the licit channels during the year under report.

Central Bureau of Narcotics in collaboration with the UNODC has started e-learning center for the drug law enforcement officer at the Central Bureau of Narcotics Headquarter office at Gwalior. Officer of CBN, Central excise & police were given basic training in drug law enforcement through CBT module.

CBN has registered itself and started using the new secure online tool known by its acronym "PICS" – Precursors Incident Communication system, introduced by the INCB, to enhance real time communication and information exchange between national authorities on precursor seizures and other incidents involving precursor chemicals.

The performance/achievement with respect to issuance of Export authorization and Import Certificate issued by Central Bureau of Narcotics during the current financial year and previous financial year for the export/ import of narcotic drugs /psychotropic substances is as under:

	Psychotropic Substances 2015-16 (up to 31 st Dec, 2015)	Narcotic Drugs 2015-16 (up to 31 st Dec, 2015)
No. of Export Authorization Issued	2021	176
No. of Import Certificate issued	346	107

Number of Manufacturing license, issued/ renewed, for manufacture of synthetic narcotic drugs and number of Registrations for import of poppy seeds issued, are as under:

No. of Registration certificates issued for import of Poppy Seeds in calendar year 2015	No. of Manufacturing license issued in calendar year 2015	Quota Allocation issued in calendar year 2015
15	20	455

The details of quota of narcotic drugs, allocated to consuming companies, during the year 2015, are as under:

Name of Drug	No. of total companies to whom allocation has been made in 2015	Quantity allocated (in base) (in kgs.)
Codeine	101	63491.563
Cannabis	0	0
Diphenoxylate	9	4282.415
Ethylmorphine	4	172.125
Fentanyl (Ingram)	30	6618.058
Opium	57	6964.500
Morphine	24	331.551
Pethidine	11	224.46
Pholcodine	8	433.60
Thebaine	7	1643
Dihydrocodeine	3	1020.745
Oxycodone	14	11.717
Hydrocodone	4	0.0004102
Methadone	3	499.500
Hydromorphone	2	0.0003
Remifentanyl(In gram)	1	43.043
Oxymorphone	2	0.0003
Oripavin	3	42
Difenoxin	2	0.000552
Total	285	85778.2785622

The Government of India has developed web-based software for online registration of manufacturers and wholesalers of psychotropic substances, for both bulk drugs and preparations, with the Central Bureau of Narcotics (CBN), under the guidance of the National Informatics Centre, New Delhi. The system has been made functional to facilitate submission of data on manufacture, utilization, stock, import, export, sale purchase and consumption of psychotropic substances in the country.

The data collected through the system, will facilitate generation of periodical, statistical report on psychotropic substances like form 'P' form 'A/P, form 'B/P' besides other MIS report for monitoring the manufacture and consumption of psychotropic substances in the country.

The Government of India has decided to develop a web based online application for registration of manufacturers and dealers of narcotic drugs with the Central Bureau of Narcotics (CBN) and submission of data on manufacture, utilization, stock trade and consumption of Narcotic Drugs in the country. The

objective of the online application is to collect required data on manufacture and consumption of narcotic drugs for generation of Form "C" in respect of India for submission to the International Narcotics Control Board (INCB), Vienna. This office has taken up the matter with National Informatics Centre (NIC), New Delhi. However, development of web based online application for registration of manufacturers and dealers of narcotic drugs with the Central Bureau of Narcotics (CBN) are still under process.

3.1.4. Enforcement of NDPS Act, 1985

The Central Bureau of Narcotics undertakes action to prevent the illicit trafficking of Narcotic Drugs and Psychotropic Substances. It also undertakes investigations and prosecution of drug related offences, tracing and freezing of illegally acquired property of drug traffickers, derived from illicit drug trafficking, for forfeiture and confiscation.

- i). During the calendar year 2015, several seizures, under NDPS Act, were affected by Central Bureau of Narcotics and details thereof is given as under:

Sl. No	Date of Seizure	Name of Drug	Quantity in Kgs.	No of person arrested	Name & Address of accused	Office in which case booked
1	05/01/15	Heroin	0.80	1	Gauri Shankar S/o Late shyamlal Gupta, R/o H.No.699, Jatepur Dakshini, Sumer Nagar, Dhararshala Bazar, Gorakhpur-U.P.	DNC, Lucknow
2	18/01/15	Opium	5.11	2	Hemraj s/o Jagannat Dhaked r/o village Parlai, P.S. Singoli, Distt, Neemuch. Nathulal S/o Devilal r/o village Jawada, Namari, P.S. Bhesroadgarh, Distt, Chittorgarh- Rajasthan	DNC, Neemuch
3	26/01/15	Opium	6.2	1	Jagdish S/o Chatarbhuj r/o village Rakoda The Dalauda, P.S. Bhavgarh, Distt. Mandasaur-M.P.	DNC, Neemuch
4	30/01/15	MEK	32 Litre	0	Nil	P & I Cell, Mumbai
5	29/03/15	Opium	0.38	1	Pawan Kumar Tiwari S/o Rudra Pratap	DNC, Lucknow
6	22/04/15	Heroin	1.36	1	Anuj Kumar S/o Late Channagal Verma r/o village Jai Pampurwa the Nawabganj, P.S. Zaidpur, Distt. Barabanki, U.P.	DNC, Lucknow

Sl. No	Date of Seizure	Name of Drug	Quantity in Kgs.	No of person arrested	Name & Address of accused	Office in which case booked
7	12/05/15	Opium	4.43	2	Ashok Patidar or Kaka S/o Mangilal, r/o village Nataram, The–Sitamau, Distt. Mandsaur (2) Satnarayan or Raju S/o Nirbhay ram r/o village Jhawal, Distt. Mandsaur-M.P.	P & I Cell, Ratlam
8	13/05/15	Heroin	0.75	1	Sarvajeet S/o Jagesar R/o Mohalla, Mubarakpur, post Barayan, Distt. Barabanki-U.P	P & I Cell, Delhi
9	27/05/15	Opium	2.70	4	Gurmit Singh S/o Balveer Singh, Gram- Enakheda, Distt. Muktsar-Sahib- Punjab	Mandsaur 1 st Division
10	30/05/15	Heroin & White Intoxicant powder	0.48+ 0.45	1	Liyas S/o late Idrish r/o Moh. Gadhi, Kadeem Zaidpur, Distt. Barabanki-U.P.	DNC, Lucknow
11	25/06/15	Heroin	0.51	1	Usman Ali S/o Jaleel Ahmad r/o village Kanai kisarai, Lohta, Distt. Varanasi-U.P.	DNC, Lucknow
12	25/06/15	Opium	14.7	1	Shashi S/o Nikkuram r/o Galino.1 Basti Shakamali, Firozpur-Punjab.	DNC, Kota
13	28/06/15	Poppy Husk	94	0	Unclaimed (Maruti Wagon R No. RJ-06-CA-5808)	P & I Chittorgarh Cell
14	30/06/15	Heroin	0.4	1	Mohd. Yusuf S/o Late Ali mohd. Gurkhu r/o H.N0.D-57, Gadda colony, P.S. Jaipur-Delhi	DNC, Lucknow
14	07/07/15	Buprenorphine	875 Injection	1	Ghasi Ram S/o Manohar Lal r/o Village Khanpur, Distt. Shahjhanpur-U.P.	DNC, Lucknow
15	07/07/15	Diazepam	0.800 (400 Injections)	1	Ghasi Ram S/o Manohar Lal r/o Village Khanpur, Distt. Shahjhanpur-U.P.	DNC, Lucknow
16	15/07/15	Poppy Husk	115	0	Unclaimed (MP-43-C-5677)	P & I Chittorgarh Cell
17	07/08/15	Opium	3.00	2	Surendra Singh S/o Chand Singh Bhati, 2. Dinesh S/o Harmanaram Panwar	P&I Chittorgarh Cell
18	13/08/15	Poppy Straw	1501.2	3	Truck UP-25-AT-1255	P & I Cell Bareilly

Sl. No	Date of Seizure	Name of Drug	Quantity in Kgs.	No of person arrested	Name & Address of accused	Office in which case booked
19	19/08/15	Buprenorphine	4500 Injections	1	Shiv Kumar Goyal S/o Late Teeka Ram, r/o H.NO. 189-Katra Manray, Bara Bazar, Bareilly-U.P.	P& I Cell Bareilly
20	27/08/15	Heroin	0.82	2	Mohd Ajad & Nagma Bibi W/o Mohammad Ajad r/o 96, Jabran colony, Begambagh, Ujjain	P& I Cell Ujjain
21	09/09/15	Heroin	0.27	1	Sajid Khan S/o Nisar Khan r/o Village Behara- Faridpur-Bareilly(U.P.)	P& I Cell Bareilly
22	22/09/15	Pentazocin & Buprenorphine	769 & 43 Injection	1	Amarnath Yadav S/o Gopal Yadav r/o Ausanganj-Varanasi-U.P (Activa Scooter UP 65-CA-8896)	DNC, Lucknow
23	24/09/15	Aplrazolam	0.35	1	Mithunpardikar S/o Jagdish Chander, r/o Berdia, Amra-Distt. Mandsaur-MP (Pulsar MP 09-MG-0734)	P& I Cell Bhawanimandi
24	25/09/15	Opium	1.00	2	Dhoop Singh S/o Inder Singh & Suresh Kumar s/o Fattu ram r/o Village Saman, Distt. Rohtak, Haryana(Hyundai Car HR-15-B-9413)	Neemuch-II, Division
25	27/09/15	Heroin	0.206	2	Asharam S/o Saligram Mali r/o Village Aera, Sitamau, Mandsaur-MP2. Hayum Mansoori s/o Kalu r/o village Kotda Bahadur, Sitamau, Mandsaur-MP	P& I Cell Garoth
26	30/10/15	Opium	1.55	0	Alto Car MP-14-CB-2834	Mandsaur III Divi.
27	31/10/15	Phensedly Cough Syrup	10,000 Bottles	0	_____	P& I Cell Indore
28	05/12/15	Ganja	100.50	2	Om Prakash Gupta S/o Rajendra r/o villa. Sinhs, Distt. Bhojpur-Bihar2- Vinod Kumar S/o Late Jawahar Shah, r/o 125-Udwant Nagar-Bihar (Flat Lines CG-13-UD-0184)	P& I Cell Ghazipur
29	10/12/15	Opium	2.55	3	Jai Singh S/o Mool Singh 2. Raju Mohd. S/o Nanu Mohd3. Vikram Singh S/o Maan Singh Redwas, Kotadi, Distt. Bhilwara	P& I Cell Jaipur
30	19/12/15	Pentazocin (Fortvin) Inj.	2040 Injection	1	Ravi Kumar Kashari s/o Jiyut Prasad, r/o ward no.23-Bhabhuwa kaimur-Ujjain, (TVS motor cycle UP-65-BN-1328)	DNC, Lucknow

Sl. No	Date of Seizure	Name of Drug	Quantity in Kgs.	No of person arrested	Name & Address of accused	Office in which case booked
31	22/12/15	Heroin	0.20	2	Arjunlal s/o Bagdiramparihera 2- Mohanlal s/o Kaniram r/o Baredia, Badnagar, Ujjain (TVS Apache without number)	P & I Cell Indore
32	29/12/15	Heroin	0.34	1	Rajesh Kumar Mishra s/o late Ramji r/o Ward No.6 Mundipur- Pratapgarh-U.P.	DNC, Lucknow

- i). Number of persons convicted/ acquitted in CBN cases, decided by various Courts, during the financial year 2015-16 (up-to-31.12.2015) are as under-

Financial year	Total no. of persons who were facing prosecution	Total no. of persons convicted	Total no. of persons acquitted	Conviction rate in %
2015-16	563	32	23	58.18%

- ii). Number of cases, decided by various Courts, during the financial year 2014-15 (up-to 31.12.2015) are as under:

Financial year	Total no. of cases decided	Total no. of cases in which conviction was obtained	Total no. of cases in which accused were acquitted	Conviction rate in %
2015-16	32	24	8	75%

3.1.5. Activities undertaken for Disability Sector, SCs, & STs and other weaker Sections of the Society.

As per Ministry's instructions, reservation for SC/ ST and Physically Handicapped are being maintained in the Central Bureau of Narcotics. During the period, Shri Rajeev Kumar, Deputy Narcotics Commissioner, Gwalior was appointed as a Liaison Officer to look after the interest, representation and welfare of ST/ SC and physically handicapped employees. Shri Dinesh Boudh, Deputy Narcotics Commissioner, Lucknow was appointed as Liaison Officer to look after the interest, representation and welfare of OBC employees.

3.1.6. Allotment of General Pool Office Accommodation (GPO) & General Pool Residential Accommodation (GPRA).

Ministry of Urban Development, Directorate of Estates, New Delhi vide their letter No. 11013/G/2012-

Pol.1/ dated 24-09-2013, has declared the offices of Preventive and Intelligence Cell of CBN at Amritsar, Mumbai, Chennai and Kolkata eligible for allotment of General Pool Office Accommodation and General Pool Residential Accommodation. Thus the officers and staff of CBN posted in the afore said cells have become eligible for allotment of General Pool Residential Accommodation on maturity of their turn in the waiting list subject to fulfilment of other usual conditions.

3.1.7. Gender Issues/ Empowerment of Women

A Complaint Committee has been set up in Madhya Pradesh, Rajasthan, Uttar Pradesh Unit and Headquarters office, Gwalior to look after the complaints of working women's in respect of any type of harassment of women at work place.

No representation or complaint has been received from any employee regarding discrimination on ground of sex.

3.1.8. E-Governance Activities

As regards, E-Governance activities, it is stated that various instructions of the Government, on issue of e-governance, are noted for compliance and necessary action. Use of CCTV's Camera's at Settlement and Weighmentcenters was also successfully carried out. Payment to cultivators was made through e-payment for the crop year 2012-13 for the first time.

Computers have been provided, almost, in each section and have been inter-connected through Network. All urgent reports or replies to the references received from the Ministry are being forwarded to the Ministry of Finance, New Delhi and other offices through e-mail, as far as possible.

The Deputy Narcotics Commissioner, Gwalior along with other officials visited New Delhi, Ahmedabad, and Mumbai and gave presentation on online e-filing of applications for issue of export/ import certificate. Information given by the officials, explaining all the aspects of online e filing, was appreciated by the trade sector. The drug associations of Mumbai, Ahmedabad & New Delhi requested that such seminars & workshops be held on a regular basis.

The Central Bureau of Narcotics web site has been updated and all the application forms for issue of export/ import authorization for export/ import of Psychotropic substances/ Precursor chemicals and Controlled substances can be downloaded from the CBN website: www.cbn.nic.in.

During the crop year 2014-15, a quantity of 335 Metric Tons of opium at 70 degree consistence was procured. The average yield at 70 degree consistence on basis of provisional results received from Madhya Pradesh, Rajasthan and Uttar Pradesh for the crop year 2014-15 was 61.667, 61.860 & 60.06 kg/hectare respectively. The All India average yield during 2014-15 was 61.76 kgs./hectare at 70 degree consistency. The figures are for crop year 2014-15 as the crop cycle for the cultivation of opium is October to September next year. Settlement/ Licensing operation for crop year 2015-16 has been completed during the month of December, 2015 and consequently 37514 cultivators and Area of 6983.020 hectares was settled.

3.1.9. Payment to cultivators through e-Payment

Since crop year 2012-13, a new procedure for payment has been adopted. There was high risk in

drawing big amount from Banks, carrying it to weighmentcenters, disbursing it to concerned cultivators /Lambardar's and carrying it to villages by cultivators from weighmentcenters in late evening. Banking infrastructure has been improving in opium growing areas. Considering all these factors, cost of opium/ commission is being paid through e-payment directly in Bank Accounts of cultivators during weighment operation. After receipt of computed challans from Govt. Opium Factories, final payment to cultivators is being done without waiting for Settlement Operation.

3.2. Government Opium and Alkaloid Works (GOAW)

3.2.1. Chief Controller of Factories(CCF)

The Government Opium & Alkaloid Works (GOAW) is engaged in the processing of raw opium for export and manufacturing opiate alkaloids through its two Factories viz Govt. Opium & Alkaloid Works (GOAW) at Ghazipur (U.P.) and Neemuch (M.P.). The Products manufactured at GOAW are mainly used by pharmaceutical industry of India. The GOAW are administered by a High Powered Body called the "Committee of Management" constituted and notified by the Government of India in 1970. The Additional Secretary (Revenue), Department of Revenue, Ministry of Finance is the Chairman of the Committee of Management. An officer of the rank of Commissioner/Joint Secretary is the Chief Controller of Factories who heads the Organization and each of the two factories at Neemuch and Ghazipur are managed by a General Manager of the rank of Additional Commissioner/Director. The Marketing and Finance Cell of the factories are located at New Delhi. The Opium Factories undertake the work of receipt of opium from the fields, its storage and processing for exports and domestic consumption. The Alkaloid Works are engaged in processing raw opium into alkaloids of pharmacoeplal grades to meet the domestic demand of the pharmaceutical industry. The GOAW have employed a total work force of about 1400 people at its two opium and alkaloid plants. The work force comprises of officials and staff drawn from the Central Board of Excise and Customs, Central Bureau of Narcotics, Central Revenues Control Laboratory, apart from personnel selected by the Union Public Services Commission directly. The security aspects of these factories are looked after by Central Industrial Security Force (CISF), a paramilitary force of the Ministry of Home Affairs.

The overall performance/achievements for the calendar year 2015 are as follows:

I. Performance of GOAF for the Calendar Year 2015

Sl. No.	Particulars	Unit	Production January to March,15	Production April to Dec, 2015	Total Production for calendar year 2015
A. PRODUCTION					
1	Drying of opium for Export at 90°C	KG.	32815	88490	121305
2	a) Codeine Sulphate	KG.	0	0	0
	b) Morphine Sulphate	KG.	0	292	292
	c) Codeine Phosphate	KG.	5979	8726	14705
	d) Dionine	KG.	0	0	0
	e) Pure Thebaine	KG.	832	320	1152
	f) Noscapine BP	KG.	534	2888	3422
	g) Pholcodine	KG.	41	111	152
Total Finished Drugs		KG.	7386	12337	19723
	h) IMO Powder	KG.	2000	5000	7000
	i) IMO Cake	KG.	1247	2642	3889
	j) Papavarine S.R.	KG.	457	1416	1873
3.	i) C.P. Import for Domestic Market	KG.	0	7500	7500
	ii) C.P. Import for Vendor Specific	KG.	0	0	0

(Rs. in Crore)

Sl. No.	Particulars	Sales (January to March,15)		Sales (April to Dec, 2015)		Total Sales for calendar year 2015*	
		Quantity (in Kg.)	Amount	Quantity (in Kg.)	Amount	Quantity (in Kg.)	Amount
A. SALES							
1	Export of opium for at 90°C	2987	2.64	51575	22.92	54562	25.56
2	a) Codeine Sulphate	0	0	50	0.45	50	0.45
	b) Morphine Sulphate	-6	-0.02	329	1.23	323	1.21
	c) Codeine Phosphate (Ind. & Imp)	3932	15.28	32347	137.47	36279	152.75
	d) Dionine	0	0	200	2.43	200	2.43
	e) Pure Thebaine	275	0.98	894	3.38	1169	4.36
	f) Noscapine BP	593	2.11	3974	14.21	4567	16.32
	g) Pholcodine	0	0	153	0.86	153	0.86
	h) IMO Powder(Dom. Sales+Export)	6064	6.23	4735	4.70	10799	10.93
	i) IMO Cake (Dom. Sales+Export)	0	0	3862	3.53	3862	3.53
	j) Papavarine S.R.	300	0.06	1250	0.25	1550	0.31
	Total 2 (a to j)	11158	24.64	47794	168.51	58952	193.15
	Grand Total (1+2)	14145	27.28	99369	191.43	113514	218.71

* Provisional

C. Country-wise Export Of Opium (excluding IMO Powder & Cake) at 90°C

(Qty. in Kgs)

	Unit	USA	France	Japan	Switzerland	Total
1	Ghazipur	99	2492	50023	1483	54097
2	Neemuch	465	0	0	0	465
	Total	564	2492	50023	1483	54562

D. Revenue Receipts (on Realization Basis)

(Rs. in crore)

		Opium Factory	Alkaloid Works	Total
1	Ghazipur	26.30	96.60	123.10
2	Neemuch	34.84	87.63	122.47
	Total	61.34	184.23	245.57

GOAF - Projected Data for the period from January to March, 2016 for production

		Full Year's Target for 2015-16			Projected targets for 3 months (January to March, 2016)			Remarks
		Neemuch without OTA	Neemuch with OTA	Ghazipur	Neemuch without OTA	Neemuch with OTA	Ghazipur	
A. ALKALOID PRODUCTION (IN Kgs.)								
A								
1	Codeine Phosphate	12650	13750	3910	3163	3438	978	Production targets for 2015-16 was fixed by the Committee of Management and the projected target for the period from January to March, 2016 has been calculated on pro-rata basis for three months
2	Codeine Sulphate	0	0	0	0	0	0	
3	Ethyl Morphine / Dionine	0	0	0	0	0	0	
4	Thebaine Pure	682	935	187	171	234	47	
5	Noscapine BP	3410	3630	755	853	908	189	
6	Morphine Sulphate	231	264	0	58	66	0	
7	Pholcodine	209	242	0	52	61	0	
	Total (1 to 7)	17182	18821	4852	4296	4707	1214	
B								
1	IMO Powder	0	0	10000	0	0	2500	
2	IMO Cake	0	0	5000	0	0	1250	

B. Drying of Opium

Particulars	Full Year's Target for 2015-16		Prorata targets for 3 months (Jan. to March, 2016)		Remarks
	Neemuch	Ghazipur	Neemuch	Ghazipur	
Drying of Opium	25 MT	25 MT	6.25 MT	6.25MT	Production targets for 2015-16 was fixed by the Committee of Management and the projected target for the period from January to March, 2016 has been calculated on pro-rata basis for three months

II Achievement of CCF Organisation up to the month of December 2015 with comparative data of previous year i.e. 2014 for the similar period

Sl. No.	Particulars	Unit	Actual Production Up to December		% age increase over previous year
			2014-15	2015-16	
(1)	(2)	(3)	(4)	(5)	(6)
A. PRODUCTION					
1	Drying of opium for Export at 90°C	MT	39	33	-15
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	0	0	0
	b) Morphine Sulphate	KG.	305	292	-04
	c) Codeine Phosphate	KG.	9347	8726	-07
	d) Dionine	KG.	0	0	0
	e) Pure Thebaine	KG.	59	320	442
	f) Noscapine BP	KG.	3382	2888	-15
	g) Pholcodine	KG.	140	111	-21
	Total Finished Drugs	KG.	13233	12337	-07
	h) IMO Powder	KG.	6500	5000	-23
	i) IMO Cake	KG.	910	2642	190
	j) Papavarine S.R	KG.	1178	1416	20
	Total Finished Drugs	KG.	21821	21395	-02
3.	i) Cod. Phos. Import for Domestic Market	KG	15491	7500	
	ii) Import for Vendor Specific				
	a) Codeine Phosphate U.S.P.	KG.	0	0	0
	b) Codeine Phosphate (SEZ)	KG.	0	0	0
	Total (ii)		0	0	0

A. SALES					
Provisional					
Sl. No.	Particulars	2014-15		2015-16	
		Qty. (Kgs.)	(Rs. in Crore)	Qty. (Kgs)	(Rs. in Crore)
(1)	(2)	(3)	(4)	(5)	(6)
1	Export of opium on accrual basis	147564	73.65	51575	22.92
2	Domestic Sale of Drugs : (on actual basis)				
	a) Codeine Sulphate	95	0.83	50	0.45
	b) Morphine Sulphate	279	1.01	329	1.23
	c) Codeine Phosphate (Indigenous & Imported)	33453	142.17	32347	137.47
	d) Dionine	167	1.99	200	2.43
	e) Pure Thebaine	1060	3.76	894	3.38
	f) Noscapine BP	2980	10.60	3974	14.21
	g) Papavarine S.R.	1430	0.29	1250	0.25
	h) Pholcodine	170	0.91	153	0.86
	i) Oxycodone HCl	11	1.62	0	0
	j) IMO Powder(Domestic sale + Export)	2840	2.61	4735	4.70
	k) IMO Cake(Domestic sale + Export)	2176	1.99	3862	3.53
	Total (2)	44661	167.78	47794	168.51
3	Import (Vendor Specific)				
	a) Codeine Phosphate U.S.P.	0	0	0	0
	b) Codeine Phosphate (SEZ)	0	0	0	0
	Total (3)	0	0	0	0
	Grand Total (1+2+3)	192225	241.43	99369	191.43

C. Comparative country wise export of opium at 90°C (up to December of each financial year)

(Qty. in Kgs) at 90°C						
Unit	USA	FRANCE	HUNGARY	JAPAN	SWITZERLAND	TOTAL
2014-15						
Ghazipur	0	0	0	77391	1097	78488
Neemuch	69076	0	0	0	0	69076
Total	69076	0	0	77391	1097	147564
2015-16						
Ghazipur	99	988	0	50023	0	51110
Neemuch	465	0	0	0	0	465
Total	564	988	0	50023	0	51575

D. Comparative Revenue Receipts on Realization basis (up to December of each financial year)			
Unit	OpiumFactories	AlkaloidWorks	Total
2014-15			
Ghazipur	25.15	71.44	96.59
Neemuch	15.59	96.62	112.21
Total	40.74	168.06	208.80
2015-16			
Ghazipur	0.13	81.79	81.92
Neemuch	34.83	82.24	117.07
Total	34.96	164.03	198.99

3.2.2. E-Governance Activities

The Organization of Chief Controller of Factories has launched its own website which contains complete information about the organization, its activities, contact details, etc. All tenders for procurement of material and services are timely loaded in the website for information and participation of the manufacturers / suppliers. The organization has also arranged to display various information pertaining to production of drugs, sale of drugs, etc. online.

3.2.3. Grievances Redressal Machinery

Public Grievances in the CCF's Organization are dealt with promptly. The labour grievances are also dealt with expeditiously and the relation between the Management & workers during this period was harmonious and cordial.

3.2.4. Gender Budgeting/Empowerment of Women

Equal opportunity / status is enjoyed by women in CCF organization. In the case of gender bias / harassment reported if any, it is ensured that appropriate action is taken against the erring official. Internal Complaint Committee has already been formed at GOAW, Neemuch & Ghazipur for the purpose of dealing complaints received regarding sexual harassment at workplace. At the Headquarter Office, as there only three women employees (two at Delhi and one at Gwalior), the Complaint Committee cannot be formed. Therefore, it has been suggested that complaint of the Headquarter

may be dealt by Complaint Committee of the Ministry for dealing with the complaints received regarding sexual harassment at workplace.

3.2.5. Activities Undertaken for Disability Sector & SCs/STs & Other Weaker Sections of Society

The CCF organization is strictly adhering to the prescribed rules and regulations for the welfare and development of disabled, SCs, STs and other weaker sections. With an objective to initiate prompt action on grievances of such sections, a committee has been formed with members drawn from such sections. Roster registers for this purpose are also being maintained.

4. State Taxes

State Taxes Section of the Department of Revenue handles legislative work relating to Central Acts having significant interface with the States like the Central Sales Tax Act, 1956, and the Indian Stamp Act, 1899. Undertaking preparatory work pertaining to passage of the Constitution (122nd Amendment) Bill, 2014, for the implementation Goods and Services Tax (GST) Bill as well as administrative & budgetary matters in respect of Goods and Services Tax Network-Special Purpose Vehicle incorporated for providing IT platform for smooth roll out of GST, are also linked by this section

4.1. State Value Added Tax (VAT)

Under Entry 54 of List II (State List) of the Seventh Schedule of the Constitution of India, "tax on sale or purchase of goods within a State" is a State subject.

Introduction of State Value Added Tax (VAT) to replace the earlier Sales Tax systems of the States has been one of the important tax reform measures taken on indirect tax side. Sales Tax/ VAT being a State subject, the Central Government played the role of a facilitator for successful implementation of VAT.

4.2. Central Sales Tax (CST)

4.2.1. Entry 92A of List-I (Union List) empowers the Central Government to impose tax on inter-State sale of goods. Further, Article 269 (3) empowers the Parliament to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade of commerce. Similarly, Article 286 (2) of Constitution empowers the Parliament to formulate principles for determining when the sale or purchase of goods takes place outside a State or in the course of imports into or exports from India. Besides, Article 286(3) of Constitution authorizes the Parliament to place restrictions on the levy of tax by the States on sale or purchase of goods, declared by the Parliament by law to be goods of special importance in the inter-State trade or commerce.

4.2.2. The Central Sales Tax Act, 1956 imposes the tax on inter-state sale of goods and formulates the principles and imposes restrictions as per the powers conferred by the Constitution. The Government of India has also framed the Central Sales Tax (Registration and Turnover) Rules, 1957 in exercise of powers conferred by section 13(1) of the Central Sales Tax Act, 1956. Though the Central Sales Tax Act 1956 is a Central Act, the States collect and appropriate the proceeds of Central Sales Tax as per Article 269 of the Constitution of India.

4.2.3. The Central Sales Tax however, being an origin-based non-rebatable tax, is inconsistent with the proposed destination based Goods & Services Tax (GST). Central Sales Tax rate had been reduced from 4% to 3% w.e.f. 01.04.2007 and from 3% to 2% w.e.f. 1st June, 2008.

4.2.4. A package of compensation to the States for revenue loss on account of phasing out of the Central Sales Tax had been agreed to. The States have been compensated through a combination of revenue enhancing measures and budgetary support. As measures for enhancing revenue and thereby compensating the States for Central Sales Tax revenue loss, the facility of interstate purchases by Government Departments at concessional Central Sales Tax rate against Form-D was withdrawn w.e.f. 01.04.2007. Also,

enabling provisions were made for States to levy Value Added Tax on Tobacco and Tobacco Products without losing any part of the devolution of Central taxes to the States. For the residual losses thereafter, the Central Government has further been releasing CST compensation amount to States compensation for the loss due to reduction of rate of Central Sales Tax for the claims years 2007-08, 2008-09, 2009-10, 2010-11 and 2012-13, as agreed to with the Empowered Committee of State Finance Minister. The CST Compensation amount for the year 2012-13 will be released to the States/ UTs in 2016-17

4.3. Goods And Services Tax (GST)

4.3.1. The proposal to introduce a national level Goods and Services Tax (GST) was first mooted by the then Finance Minister in his Budget Speech for the Financial Year 2006-07. The responsibility of preparing a design and road map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC).

4.3.2. After a prolonged discussion with States, the Constitution (115th Amendment) Bill, to further amend the constitution to enable introduction of GST, was introduced in the Lok Sabha on 22.03.2011. The Bill, however, lapsed with the dissolution of the 15th Lok Sabha. In terms of the broad consensus arrived at with the States, the Government introduced on 19.12.2014 the Constitution (122nd Amendment) Bill, 2014 in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country. The same was passed by the Lok Sabha on 06.05.2015 and was referred to a Select Committee of the Rajya Sabha for examination on 12.05.2015. The Select Committee submitted its report on 22nd July, 2015. The Bill is since pending passage in the Rajya Sabha. After the Bill is passed in both the Houses of the Parliament by two-thirds majority, the Constitutional Amendment Bill will be sent to State Legislatures for ratification. The ratification by at least 50% of the State Legislatures will be required before the proposed amendments are brought in effect.

4.3.3. Several Committees have been formed to look into the various aspects of implementation of GST. Drafts reports on Registration, Returns, Refunds and Payments relating to Business Processes for GST were hosted on the website of the Department of Revenue to invite comments/suggestions from the Stakeholders, which are being looked into by a Committee.

4.4. The salient features of the GST Bill are as follows:

- Power both to the Parliament and State legislatures to make laws for levying GST on the supply of goods and services in the same transaction.
- Creation of a Goods & Services Tax Council, a joint forum of the Centre and the States under the Chairmanship of the Union Finance Minister with State Finance/Taxation Ministers as members, to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution modalities etc.
- Subsumation of Central taxes like Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty (CVD) and Special Additional Duty of Customs (SAD), etc. in GST.
- Subsumation of State taxes like VAT/Sales Tax, Central Sales Tax, Entertainment Tax, Octroi and Entry Tax, Purchase Tax and Luxury Tax, etc. in GST.
- All goods and services, except alcoholic liquor for human consumption, will be brought under the purview of GST. Petroleum and petroleum products have also been constitutionally brought under GST. However, it has also been provided that petroleum and petroleum products shall not be subject to the levy of GST till notified at a future date on the recommendation of the GST Council. The present taxes levied by the States and the Centre on petroleum and petroleum products, i.e. Sales Tax/VAT and Excise Duty respectively will continue to be levied the meanwhile.
- Both Centre and States will simultaneously levy GST across the value chain. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State.
- The Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supply of goods and services. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another.
- GST is a destination-based tax. GST rates will be uniform across the country. However, to give

some fiscal autonomy to the States and Centre, there will a provision of a narrow tax band over and above the floor rates of CGST and SGST.

4.5. Indian Stamp Act, 1899

4.5.1. The Indian Stamp Act, 1899 (2 of 1899) is a fiscal statute laying down the law relating to tax levied in the form of stamps on instruments recording transactions. Briefly, the scheme relating to stamp duties, provided for in the Constitution is as follows:-

- i. Under Article 246, stamp duties on documents specified in Entry 91 of the Union List in Schedule VII of the Constitution (viz. bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts) are levied by the Union but under Article 268, each State, in which they are levied, collects and retains the proceeds (except in the case of Union Territories in which case the proceeds form part of the Consolidated Fund of India). At present duty is levied on all these documents except cheques.
- ii. Stamp duties on documents other than those mentioned above are levied and collected by the States by virtue of the Entry 63 in the State List in the 7th Schedule of the Constitution.
- iii. Provisions other than those relating to rates of duty fall within the legislative power of both the Union and the States under Entry 44 of the Concurrent List in the Schedule-VII of the Constitution.

4.5.2. The rates of stamp duty in respect of Debenture and Promissory Notes have been rationalized by the Central Government in September, 2008. A comprehensive Review of Indian Stamp Act, 1899 has been undertaken. Consultation with State Governments and Central Ministries is complete. The Department is in the process of seeking approval of the competent authority to send the final draft of the Bill for vetting to the Ministry of Law & Justice.

4.6. Highlights of the performance and achievements during the year:

4.6.1. Action taken to implement the Programme and other Important Policy initiatives announced in Budget Speech, 2015-16:

The statements and status of implementation of para related to ST section is as follows:

Sl. No.	Para No.	Text of Announcement	Status of Implementation as on 31 st Dec., 2015.
1	96	Goods and Services Tax (GST) We need to revive growth and investment to ensure that more jobs are created for our youth and benefits of development reach millions of our poor. We need an enabling tax policy for this. I have already introduced the Bill to amend the Constitution of India for Goods and Services Tax (GST) in the last Session of this august House. GST is expected to play a transformative role in the way our economy functions. It will add buoyancy to our economy by developing a common Indian market and reducing the cascading effect on the cost of goods and services. We are moving in various fronts to implement GST from the next year.	For introduction of GST, the Constitution (122nd) Amendment Bill has been passed by the Lok Sabha on 06.05.2015. Approval of the Cabinet for consideration of the Bill, as reported by the Select Committee of Rajya Sabha was obtained on 29.07.2015. The Bill is since been pending in the Rajya Sabha.

4.6.2. E-Governance Activities:

Special Purpose Vehicle for Goods & Services Tax Network

The smooth roll out of GST would rest on a robust computerized environment of tax administration. Accordingly, in pursuance of the Cabinet decision, an SPV for GST Network, a not-for-profit, Non-Government Company under section 25 of Companies Act, 1956, with 49 percent equity held by Government and 51% held by non-Government institutions; to take care of IT requirement has been set up by the Government on 28th February, 2013.

5. Adjudicating Authority Under Prevention of Money-Laundering Act, 2002:

5.1. The Prevention of Money-laundering Act (PMLA), 2002 was enacted by the Parliament to prevent money laundering and connected activities, confiscation of proceeds of crime and setting up of agencies and mechanism for coordinating measures for combating money laundering.

5.2. The Director, Directorate of Enforcement has been designated as the Director for exercising powers under the PMLA, 2002 and is authorized to provisionally attach the property allegedly involved in money laundering. The Adjudicating Authority is empowered to

confirm/relief the provisional Attachment after hearing the aggrieved parties to ensure that property is not disposed off during the pendency of trial for scheduled offences of money laundering or proceeds of crime money laundered.

5.3. The Adjudicating Authority consists of a Chairperson and two Members. The posts of Chairperson & Members are tenure post after retirement from their erstwhile job. The Adjudicating Authority received 148 nos. of Provisional Attachments and 148 nos. of Original Complaints during the year. In addition, 16 nos. Original Application for retention of seized documents from Directorate of Enforcement was received during the year. Final Orders have been pronounced in 147 cases except 17 cases where the Hon'ble courts granted stay in respect of Provisional Attachment orders Original applications furnished by Directorate of Enforcement.

5.4. The staff posted in the Authority is on deputation basis and all the posts are ex-cadre. No appointments made during the previous calendar year either by Direct Recruitment/Promotion.

5.5. All the posts are ex-cadre post, hence the information with respect to SC, ST & PH be treated as nil. At present one Chairman and one Administrative Officer is only in position and all the remaining posts (Nine nos.) are lying vacant.

6. Appellate Tribunal Under Prevention of Money Laundering Act:

6.1. The Appellate Tribunal under Prevention of Money-laundering Act, 2002 (PMLA) was brought into force w.e.f. 1st July, 2005.

6.2. The Tribunal adjudicates appeals and allied petitions filed against the attachment / forfeiture orders passed by the Adjudicating Authority for attachment / forfeiture of properties involved in money laundering under PMLA. It also adjudicates appeals filed against the orders imposing fine passed by the Director – Financial Intelligence Unit India (FIU-India). The Benches of the Appellate Tribunal sit at New Delhi.

6.3. The Tribunal comprises a Chairperson and two members.

6.4. The appeals and allied petitions are disposed off by the Benches as constituted by the Chairperson with one or two Members as the Chairperson may deem fit. During the period 01.01.2015 to 31.12.2015, 388 appeals and 948 miscellaneous petitions were filed and 167 appeals and 468 miscellaneous petitions were disposed.

7. The Appellate Tribunal for Forfeited Property (ATEP):

7.1. The Appellate Tribunal for Forfeited Property (ATFP) was constituted under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEMA). It started functioning w.e.f. 03.01.1977. Subsequently, the Tribunal was also constituted as the Appellate Tribunal under the Narcotics Drugs and Psychotropic Substances Act, 1985 (NDPS) after its amendment in the year 1989.

7.2. The Tribunal hears appeals and allied matters filed against the orders of the seizure or freezing and forfeiture, or other Orders passed by the officers designated as Competent Authorities in respect of illegally acquired properties of the persons convicted under the Customs Act, 1962 or NDPS Act, 1985 or detained under COFEPOSA, 1974 or PITNDPS Act, 1988 and also the properties held by such persons in the names of their relatives and associates and for seizure or freezing of illegally acquired property of the persons covered under NDPS Act.

7.3. The Tribunal is situated at New Delhi and comprises a Chairman and two members.

7.4. The appeals and petitions are decided by the Benches consisting of at least Two Members and constituted by the Chairman. During the period from 01.01.2015 to 31.12.2015, 47 appeals and 122 miscellaneous petitions were filed and 43 appeals and 44 petitions were disposed under SAFEMA and NDPS Acts.

8. Set up for Forfeiture of Illegally Acquired Property:

8.1. The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEM (FOP) A), provides for forfeiture of illegally acquired property of the persons convicted under the Sea Customs Act, 1878, the Customs Act, 1962 and Foreign Exchange Regulation Act, 1974 and the persons detained under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. The Narcotics Drugs and Psychotropic Substances Act, 1985 (NDPSA) provides for tracing, freezing, seizure and forfeiture of illegally acquired property of the persons convicted under that Act or any corresponding law of any foreign country, and those who are detained under the Prevention or Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988 and Jammu and Kashmir Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988.

SAFEM (FOP) Act and NDPS Acts provide for appointment of Competent Authorities for carrying out forfeiture of illegally acquired properties. At present, the Offices of Competent Authorities are located at Delhi, Mumbai, Kolkata and Chennai. SAFEM (FOP) A and NDPSA envisage establishment of an appellate forum, namely the Appellate Tribunal for Forfeited Property (ATFP) to hear appeals against the orders of the Competent Authorities. The ATFP is located at New Delhi

8.2. The details regarding the number of reports received by the Competent Authorities from enforcement agencies, the number of show cause notices issued and the value of the property involved therein, the number of orders of forfeiture passed and the value of the property involved therein, and the value of sale proceeds of the property disposed of, year-wise, from 2000-01 to 2015-2016 are given below:

8.3. During the period from 01.01.2015 to 31.12.2015, 47 appeals and 122 miscellaneous petitions were filed and 43 appeals and 44 petitions were disposed of under SAFEMA and NDPS Acts.

**FORFEITURE OF ILLEGALLY ACQUIRED PROPERTY UNDER NDPSA AND
SAFEM (FOP) A BY COMPETENT AUTHORITIES**

Financial Year	Number of reports received from Enforcement Agencies	Number of Notices for Forfeiture issued and value of Property involved.		Number of Forfeiture Orders issued and value of Property involved.		Value of sale proceeds of Property disposed off (in Rs. lakh)
		Number	Value (in Rs. Lakh)	Number	Value (in Rs. Lakh)	
1	2	3	4	5	6	7
2000-2001	491	159	2755	103	1662	201
2001-2002	228	89	7223.12	50	3202.39	107
2002-2003	995	72	1269.22	53	2498.60	18
2003-2004	1180	97	1547.75	25	977.01	51.6
2004-2005	1357	162	3251.64	25	650.93	73.67
2005-2006	607	214	10074.59	91	744.60	153.27
2006-2007	514	243	3017.27	112	868.57	2.63
2007-2008	507	210	12784.31	24	551.10	366.97
2008-2009	99	39	2065.88	28	1115.33	121.30
2009-2010	48	21	178.5	20	2153.20	Nil
2010-2011	128	19	1394.06	22	45.57	1123.49
2011-2012	112	17	690.85	22	391.58	191.27
2012-2013	40	13	3091.48	10	101.10	Rs.1294.28 lakhs + US \$ 3400
2013-2014	61	5	73.55	3	118.73	608.37
2014-2015	54	24	643.908	18	3253.55	166
2015-2016 (Jan-Dec 2015)	83	16	769.74	11	293.93	5.90

9. Central Board of Excise and Customs

9.1. Organization and functions

9.1.1 Central Board of Excise & Customs (CBEC) deals with the tasks of formulation of policy concerning levy and collection of Customs and Central Excise duties, Service Tax, prevention of smuggling and evasion of duties and all administrative matters relating to Customs, Central Excise and Service Tax formations. The Board discharges the various tasks, with the help of its field formations namely, the Zones of Customs, Central Excise & Service Tax, Commissionerates of Customs & Central Excise and various Directorates. It

also ensures that applicable taxes on imported & domestically produced goods and services are administrated as per law and the collection agencies deposit the taxes collected to the public exchequer promptly.

9.1.1.1 Zones of Customs, Central Excise and Customs (Preventive)

Union Cabinet approved the plan for Cadre Restructuring and Reorganization of the Field formations under CBEC on 5th December, 2013. Reorganized organizational set-up has been operationalized w.e.f. 15.10.2014. The details about reorganized organizational set-up are furnished below:-

9.1.1.2. Reorganization of the Field Formations:

Gist of Reorganization Proposal as approved by the Union Cabinet			
Sl. No.	Formations	Pre-CR Number	Post-CR Number
1	Central Excise & Service Tax Zones	23	23 CE + 4 ST
2	Central Excise Commissionerates	93	119
3	Service Tax Commissionerates	7	22
4	Audit Commissionerates	0	45
5	Customs Zones	11	11
6	Customs Commissionerates	35	60
7	Directorates Gen./ Directorates/ Other formations	19	19

9.1.1.3 Central Excise & Service Tax Formations:

There are 23 integrated Central Excise & Service Tax Zones, 4 exclusive Service Tax Zones, 119 Central Excise Commissionerates and 22 Service Tax Commissionerates. Each of the Central Excise and Service Tax Commissionerates normally has 5 Divisions and 25 Ranges. Central Excise Commissionerates that will do Service Tax work also will have an additional Division and 5 Ranges exclusively for Service Tax work.

9.1.1.4. The following are Integrated Central Excise & Service Tax Zones and Commissionerates:-

9.1.1.4.1. Central Excise Zones (head by Principal Chief Commissioner): Chennai, Delhi, Hyderabad, Lucknow, Mumbai-I, Kolkata, Vadodara.

9.1.1.4.2. Central Excise Zones (headed by Chief Commissioners): Ahmedabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Cochin, Coimbatore, Jaipur, Mysore, Meerut, Mumbai-II, Nagpur, Pune, Ranchi, Shillong, Vishakhapatnam.

9.1.1.4.3. Central Excise Commissionerates (headed by Principal Commissioner): Chennai-I, Chennai-II, Chennai-III, Chennai-IV, Puducherry, Delhi-I, Delhi-II, Gurgaon-I, Gurgaon-II, Rohtak, Panchkula, Faridabad-I, Faridabad-II, Sonapat, Hyderabad-I, Hyderabad-II, Hyderabad-III, Hyderabad-IV, Lucknow, Allahabad, Kanpur, Agra, Mumbai-I, Mumbai-II, Thane-I, Thane-II, Kolkata-I, Kolkata-II, Kolkata-III, Kolkata-IV, Kolkata-V, Durgapur, Bolpur, Haldia, Siliguri, Vadodara-I, Vadodara-II, Valsad, Surat-I, Surat-II, Daman, Bharuch, Silvassa, Anand, Ahmedabad-I, Ahmedabad-II, Ahmedabad-III, Rajkot, Bhavnagar, Kutch, Bangalore-I, Bangalore-II, Bangalore-III, Bangalore-IV, Bangalore-V, Bhopal, Indore, Raipur, Gwalior, Bilaspur, Jabalpur, Bhubaneswar-I, Bhubaneswar-II, Rourkela, Chandigarh-I, Chandigarh-II, Ludhiana, Jammu & Kashmir, Jalandhar, Cochin, Calicut, Thiruvananthapuram, Coimbatore, Madurai, Salem,

Tirunelveli, Tiruchirappally, Jaipur, Jodhpur, Alwar, Udaipur, Mysore, Mangalore, Belgaum, Meerut, Hapur, Ghaziabad, NOIDA-I, NOIDA-II, Dehradun, Mumbai-II, Mumbai-III, Belapur, Raigarh, Nashik-I, Nashik-II, Nagpur-I, Nagpur-II, Aurangabad, Wardha, Pune-I, Pune-II, Pune-III, Pune-IV, Goa, Kolhapur, Ranchi, Bokaro, Patna, Dhanbad, Jamshedpur, Shillong, Guwahati, Dibrugarh, Vishakhapatnam, Kakinada, Nellore, Guntur, Thirupati.

9.1.1.5. Service Tax Zones (headed by Chief Commissioner):- Delhi, Mumbai, Chennai, Kolkata

9.1.1.5.1. Service Tax Commissionerates (headed by Principal Commissioner): Ahmedabad, Bangalore-I, Bangalore-II, Chennai-I, Chennai-II, Chennai-III, Delhi-I, Delhi-II, Delhi-III, Delhi-IV, Hyderabad, Kolkata-I, Kolkata-II, Mumbai-I, Mumbai-II, Mumbai-III, Mumbai-IV, Mumbai-V, Mumbai-VI, Mumbai-VII, NOIDA, Pune.

9.1.1.6. Large Tax Payer Units (headed by Chief Commissioner): Bangalore, Kolkata, Chennai. Commissioners at LTU, Mumbai, Chennai, Kolkata, Delhi and Bangalore

9.1.1.7. Customs Formations: There are eleven (11) Customs Zones and sixty (60) Customs/Customs (Preventive) Commissionerates after reorganization. They have been assigned the following functions:-

- Implementation of the provisions of the Customs Act, 1962 and the allied acts, which includes levy and collection of customs duties and enforcement functions in their earmarked jurisdictions.
- Surveillance of coastal and land borders to prevent smuggling activities. Marine and telecommunications wings are available with the Board to assist these Commissionerates in their anti-smuggling work and surveillance of sensitive coastline.

9.1.1.7.1. The following are the details of Zones and Commissionerates:

9.1.1.7.1.1. Customs Zones (headed by Principal Chief Commissioner): Mumbai-I,

9.1.1.7.1.2. Customs Zones (headed by Chief Commissioner): Delhi, Mumbai-II, Mumbai-III, Kolkata, Chennai, Bangalore, Delhi Customs (P), Patna Customs (P), Tiruchirapalli Customs (P), Cochin Customs (P), Ahmedabad.

9.1.1.7.1.3. Customs Commissionerates (headed by Principal Commissioner): ACC (Import) Delhi, ICD Tughlakabad Delhi, Mumbai General, NhavaSheva-I, NhavaSheva-II, Mumbai Airport, Mumbai ACC Import, Mumbai Preventive, Kolkata Port, Kolkata Airport & ACC, Chennai-I Airport, Chennai-III, Chennai VII ACC, Bangalore Airport & ACC, Ahmedabad, Mundra, Hyderabad, NOIDA, Vishakhapatnam.

9.1.1.7.1.4. Customs Commissionerates (headed by Commissioner): Delhi General, Delhi Airport, Delhi ACC Export, ICD Tughlakabad Export, ICD Padpadgang & other ICDs, Mumbai Import-I, Mumbai-Import-II, Mumbai Export-I, Mumbai Export-II, NhavaSheva-III, NhavaSheva-IV, NhavaSheva-V, NhavaSheva General, Mumbai Airport Special Cargo, Mumbai ACC Export, Mumbai ACC General, West Bengal Customs (P), Chennai-II, Chennai-IV, Chennai-V, Chennai-VI, Chennai VIII General, Bangalore City, Mangalore, Delhi Customs (P), Amritsar Customs (P), Jodhpur Customs (P), Ludhiana, Patna Customs (P), Lucknow Customs (P), Tiruchirapalli Customs (P), Tuticorin, Cochin, Cochin Customs (P), Jamnagar Customs (P), Kandla, Shillong Customs (P), Bhubaneshwar Customs (P), Vijaywada Customs (P), Pune, Goa.

9.1.1.8. Strengthening of Audit Set-up in Central Excise and Service Tax Zones: In the present non-intrusive indirect taxes administration, it was necessary to strengthen audit set-up in the Department in order to plug revenue leakages. Accordingly, 45 dedicated Audit Commissionerates, which are responsible for conducting Central Excise and Service Tax Audit as well as Post-clearance Audit in Customs, have been created.

9.1.1.8.1. Central Excise & Service Tax Audit Commissionerates (headed by Commissioner): Chennai-I, Chennai-II, Delhi-I, Delhi-II, Hyderabad, Lucknow, Mumbai-I, Kolkata-I, Kolkata-II, Vadodara-I, Vadodara-II, Vadodara-III, Ahmedabad-I, Ahmedabad-II, Ahmedabad-III, Bangalore, Bhopal-I, Bhopal-II, Bhubaneshwar, Chandigarh, Cochin, Coimbatore, Jaipur, Mysore, Meerut-I, Meerut-II, Mumbai-II, Nagpur-I, Nagpur-II, Pune-I, Pune-II, Patna, Guwahati, Vijaiwada, LTU (Delhi), LTU (Mumbai), Service Tax Mumbai-I, Service Tax Mumbai-II, Service Tax Mumbai-III, Service Tax Pune, Service Tax Bangalore, Service Tax Delhi-I, Service Tax Delhi-II, Service Tax Chennai, Service Tax Kolkata.

9.1.2. Directorates General / Directorates:

9.1.2.1. The functional requirements of the Department needed strengthening of Directorates, which have pan-India jurisdiction and assist CBEC in policy formulation. Particular emphasis has been placed in the reorganization exercise on strengthening of the Directorate General of Service Tax (now DG, GST), Directorate General of Revenue Intelligence, Directorate General of Systems & Data Management, Directorate General of Central Excise Intelligence, Directorate General of Vigilance and the National Academy of Customs, Excise & Narcotics (NACEN).

9.1.2.2. The following encapsulates the reorganization of the field formations:

9.1.2.2.1. Appellate and Tax Recovery Machinery: Presently, there are 60 Commissioners of Central Excise Customs (Appeals), and 1 Chief Commissioner & 6 Commissioner (TAR). The appellate machinery comprising the Commissioners (Appeals) deals with appeals against the orders passed by the officers lower in rank than Commissioner of Customs and Central Excise under the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax laws.

9.1.2.2.2. Commissioners in CBEC: There are 4 Principal Commissioners of Central Excise and Customs and 4 Commissioners of Central Excise & Customs in Central Board of Excise & Customs, who assist the Board in various policy matters. Principal Commissioners and Commissioners in the CBEC are assisted by 4 Addl. / Jt. Commissioners and 22 Dy. / Asst. Commissioners.

9.1.2.2.3. Commissioners (Adjudication): There are presently 4 posts of Commissioner (Adjudication) (2 each in DGRI and DGCEI) to decide the cases having all-India ramifications and high revenue stakes. These Commissioners will attend to Central Excise as well as Customs cases.

9.1.3. Attached/ Subordinate Offices

In the performance of administrative and executive functions, the following attached / subordinate offices assist the Board in the reorganized set up:-

- A. Directorate General of Central Excise Intelligence
- B. Directorate General of Revenue Intelligence
- C. Directorate General of Performance Management
- D. Directorate General of Human Resource Development
- E. National Academy of Customs, Excise & Narcotics
- F. Directorate General of Vigilance

- G. Directorate General of Systems & Data Management
- H. Directorate General of Audit
- I. Directorate General of Safeguards
- J. Directorate General of Export Promotion
- K. Directorate General of Goods & Service Tax
- L. Directorate General of Valuation
- M. Directorate General of Tax Payer Services
- N. Directorate of Logistics
- O. Directorate of Legal Affairs
- P. Office of Chief Commissioner (AR), CESTAT
- Q. Central Revenues Control Laboratory

9.1.3.1. The functions of the Directorates, the Office of the Chief Departmental Representative and the Central Revenues Control Laboratory, under the Central Board of Excise and Customs, in brief are as follows:-

A. Directorate General of Central Excise Intelligence

- (a) To collect, collate and disseminate intelligence relating to evasion of central excise duties;
- (b) To study the price structure, marking patterns and classification of commodities vulnerable to evasion of central excise duties;
- (c) To coordinate action with other departments like Income Tax etc. in cases involving evasion of central excise duties;
- (d) To investigate cases of evasion of Central excise duties having inter-Commissionerate ramification; and
- (e) To advise the Board and the Commissionerates on the modus operandi of evasion of central excise duties and suggest appropriate remedial measures, procedures and practices in order to plug any loopholes.

B. Directorate General of Revenue Intelligence

- (a) To study and disseminate intelligence about smuggling;
- (b) To identify the organized gangs of smugglers and areas vulnerable to smuggling, targeting of intelligence against them and their immobilization;
- (c) To maintain liaison with the intelligence and enforcement agencies in India and abroad for collection of intelligence and in-depth investigation of important cases having inter-Commissionerate and international ramification;

- (d) To alert field formations for interception of suspects and contraband goods assessment of current and likely trends in smuggling;
- (e) To advise the Ministry in all matters pertaining to anti-smuggling measures and in formulating or amending laws, procedures and practices in order to plug any loopholes; and,
- (f) To attend to such other matters as may be entrusted to the Directorate by the Ministry or the Board for action/ investigation.

C. Directorate General of Performance Management

- a) To study the working of the Customs, Central Excise Departmental Machinery throughout the country.
- b) To suggest measures for improvement of its efficiency and rectification of important defects in it through inspection and by laying down procedures for smooth functioning.
- c) To carry out inspection to determine whether the working of the field formations is as per Customs and Central Excise procedures and to make recommendations in respect to the procedural flaws, if any noticed.
- d) To suggest measures for improvement in functioning of the field formations.
- e) To monitor performance of the field formations in key result areas through monthly performance report compilation in Customs, Central Excise and Service Tax.
- f) To process rebate claims in terms of Board's notification or a treaty.
- g) To function as the nodal office for implementation of the Rajbhasha (Official Language) Policy of Government in the field formations.
- h) To function as the Programme Manager to implement Authorized Economic Operator (AEO) Programme.
- i) To conduct special studies as entrusted by CBEC, namely various manual updations from time to time, Result Framework Document (RFD) formulation and monitoring etc.
- j) To hold examinations for Customs Brokers under Customs Broker Regulations 2013.
- k) To supervise preparation of manuals under Customs, Central Excise and Service Tax Law and procedure

- l) To assist the Board in setting CBEC performance monitoring and evaluation system under the Results Framework Document (RFD).
- m) Nodal office for implementation of Official Policy of Government.
- n) Work related to Tax Arrear Recovery

D. Directorate General of Human Resource Development

I. HRM Wing:

(A) Cadre Management Division

- a) To devise and design CBEC's Human Resource Management plans in consonance with the goals and vision of the department;
- b) To analyse and propose changes in the Recruitment Rules;
- c) To prepare a charter of duties for various posts and periodically review the charter;
- d) To provide support to CBEC in drawing its annual recruitment plan (ARP) or direct recruitment;
- e) To support CBEC in framing and implementation of its recruitment policy;
- f) To design HR policies, processes and systems, including proposals where posts are diverted temporarily from one functional area to another;
- g) To maintain and update the Human Resource Information System (HRIS) for recommending officers/staff for training, placement, skill up-gradation and succession planning;
- h) To provide data support to CBEC for placement and transfer of officers as part of the annual general transfer (AGT) and otherwise;
- i) To receive feedback on the Transfer Policy and relay the same to CBEC for further action;
- j) To provide support to CBEC in its Cadre Review and Restructuring exercise for the department in the context of changing economic scenario and needs;
- k) To assist the CBEC in preparing for periodic interaction with associations of officers/staff;
- l) To develop a Manual and other reference literature on Human Resource Management (HRM)/Administration related matters; and

- m) To provide support to the CBEC in bringing about uniformity/homogeneity in the administrative practices followed by field formations across the country.

(B) Performance Management Division

- a) To develop an effective Management Information System (MIS) and Performance Management System (PMS) for capturing and assessing individual performances;
- b) To develop performance indicators for the organization at the group and individual levels based on objective goal setting, taking into account manpower and infrastructural limitations;
- c) To design a scientific appraisal system and a scheme for performance measurement, etc.;
- d) To coordinate receipt of annual performance appraisals;
- e) To link rewards with performance and design an appropriate reward policy;
- f) To liaison with "external consultants" for developing a suitable system to track, support and monitor individual performance and maintain accountability, and
- g) To review formats for annual performance appraisal (APAR) for all cadres and suggest meaningful changes to it from time to time;

(C) Capacity Building and Strategic Vision Division

- a) To identify training needs for officers at all levels and create a training needs inventory;
- b) To disseminate information regarding HRD issues among officers and staff;
- c) To coordinate in-service training programmes in consultation with DG, NACEN for officers and staff of the department at various service intervals (e.g. 6-9 years of service, 10-16, 17-19 and 20-30 years of service) in consultation with training institutions within and outside the country;
- d) To assist the Ministry in development of viable models of 'Training Needs Analysis', 'Designs for Training' etc, and nominate of officers for training based on Training Needs Analysis in consultation with DG, NACEN;
- e) To recommend officers for foreign training in those areas which are outside training programmes being conducted at present by NACEN;

- f) To provide support to CBEC in the management of organizational relations including vertical relationship (within hierarchy), gender relations and prevention of discrimination and harassment on the basis of sex;
- g) To manage changes for working of field formations under CBEC;
- h) To form a Strategic Vision Group through inclusion of retired officers and outside experts on the subject;
- i) To forecast future developments and suggest changes in the organization, personnel management and procedure to be able to respond to them; and
- j) To assist the Ministry in processing the requests of the officers and staff for training programmes under the Domestic Funding Scheme of the Government of India.

II. INFRASTRUCTURE & WELFARE Wing

(D) Infrastructure Division

- a) To function as the 'nodal authority' for examination and processing of all infrastructure proposals received directly by the Division from field formations and forward them alongwith its recommendations to the CBEC/Ministry for further action;
- b) To consider all issues pertaining to approval and sanction of infrastructural proposals including those for purchase and disposal of land, purchase and disposal of buildings, hiring of accommodation and continuation of hiring of already hired space, construction of office and residential buildings, repair/maintenance/renovation/modifications/replacement/alternations in the department's buildings, residential complexes etc.,
- c) To account and document the assets of CBEC through the creation, maintenance and regular updation of an Asset Register;
- d) To consolidate and project budgetary requirement for ready built office space and residential accommodation for departmental staff to CBEC;
- e) To ensure conformity of infrastructure proposals, (whether in process or sanctioned) with policy guidelines and administrative instructions pertaining to their sanction;

- f) To secure as a link between the CBEC and its field formations by communicating the observations/queries/ approvals/sanctions of the Ministry on the submitted proposals to the field formations.

(E) Welfare Division

- a) To identify and recommend welfare measures to the CBEC;
- b) To process proposals received from field formations for sanction of funds by the Governing Body of the Welfare Fund;
- c) To coordinate with the Directorate of Logistics and Principal CCA's office for accounting of funds to be allocated between the Welfare Fund and the Special Equipment Fund;
- d) To manage superannuation of employees especially regarding their psychological, emotional and financial aspects (by arranging training through NACEN and/ or outside experts to psychologically prepare the employees on the verge of superannuation for life after retirement from service and proper management of retirement benefits);
- e) To prepare and maintain an inventory of specialization areas and skills of retiring officers, and advise them about exploring ministries and public sector undertakings, connected to their respective fields of knowledge and experience; and
- f) To disseminate information concerning welfare schemes/ measures being promoted/ implemented by the CBEC among officers and staff.

III. Expenditure Management Cell

- a) To issue the Budget Circular as prescribed by the Budget Division, Department of Economic Affairs;
- b) To examine the Budget proposals received from various constituent formations /units under the Grant;
- c) To consolidate the position at each stage of the Budget exercise i.e. Budget Estimates (BE), Revised Estimates (RE) and Final Requirement (FR) and submit the same to FA (Finance) for further action;
- d) To allocate object head wise approved provisions to respective Budget controlling authorities;

- e) To prepare the Statement of Budget Estimates (SBEs) for inclusion in the relevant Budget documents;
- f) To monitor the progress in Expenditure vis-à-vis Sanctioned Grant and submit the Monthly and Quarterly Expenditure Review to FA (Finance) for further action;
- g) To propose Re-appropriation orders, surrender of savings etc. to FA (Finance) for concurrence/approval of the competent authority;
- h) To finalize the Appropriation Accounts in consultation with Principal CCA, CBEC and submit to FA (Finance) for concurrence;
- i) To take necessary action in respect of the examination by the Standing Committee on Finance on Detailed Demand for Grants;
- j) To take action in respect of Audit references in Expenditure matters, for example Action Taken Notes on Audit Paras /PAC Paras etc.
- k) Any other matter related to the above.

F. National Academy of Customs, Excise and Narcotics

- (a) To impart training to direct recruits and to arrange refresher courses for departmental officers;
- (b) To assist in formulation of training policies and to implement the policies approved by the Board by devising schemes and syllabi of studies for training of direct recruits and departmental officers; and,
- (c) To arrange study tours of Customs and excise officers from neighboring countries under United Nations Development Programme.

G. Directorate General of Vigilance

- (a) To monitor the vigilance cases against the officers of Customs and Central Excise formations;
- (b) To maintain proper surveillance on the officials of doubtful integrity; and,
- (c) To maintain close liaison with the Central Bureau of Investigation, Directorate General of Revenue Intelligence and vigilance and anti-corruption in order to ensure that the programmes on vigilance and anti-corruption are implemented in all Commissionerates of customs, central excise and narcotics formations.

H. Directorate General of Systems and Data Management

(a) Directorate of Systems

To look after all aspects of the implantation of customs, central excise and service tax computerization projects including acquisition of hardware, development and maintenance of software, training of personnel and monitoring of expenditure budget on computerization at the central and field levels.

(b) Directorate of Data management

- i. To collect and consolidate data and statistics pertaining to realization of revenue from indirect taxes and advise the Ministry and the Board in forecasting budget estimates; and
- ii. To collect statistics for compilation of statistical bulletins and statistical yearbook in respect of revenue, arrears, seizures, court cases etc. pertaining to indirect taxes.

I. Directorate General of Audit

- a) To provide direction for evolution and improvement of audit techniques and procedures;
- b) To ensure effective and efficient implementation of new audit system by periodic reviews;
- c) To coordinate with the external agencies as well as other formations within the Department;
- d) To suggest measures to improve tax compliance;
- e) To gauge the level of audit standards and assesses satisfaction;
- f) To evolve the policy for development of a sound database as well as enhancing the skills of the auditors with a view to making the audit effective and meaningful;
- g) To aid and advise the Board in policy formulation and to guide and prove functional directions in planning, coordination and supervision of audits at local levels;
- h) To collate and disseminate the relevant information; and,
- i) To implement EA-2000 audits and related projects like risk management, CAAP audits etc.

J. Directorate General of Safeguards

- (a) To investigate the existence of serious injury or threat of serious injury to the domestic industry as a consequence of increased imports of an article into India;

- (b) To identify the article liable for safeguard duty;
- (c) To submit the findings, provisional or otherwise, to the Central Government regarding 'serious injury' OR 'threat of serious injury' to the domestic industry consequent upon increased imports of an article from the specified country.
- (d) To recommend the following;
 - (i) The amount of duty which, if levied, would be adequate to remove the 'injury' or 'threat of injury' to the domestic industry;
 - (ii) The duration of levy of safeguard duty and where the period so recommended is more than a year, to recommend progressive liberalization adequate to facilitate positive adjustment; and,
- (e) To review the need for continuance of safeguard duty.

K. Directorate General of Export Promotion

- a) To interact with the Export Promotion Councils for various categories of export to sort out the difficulties being faced by the genuine exporters;
- b) To function in close liaison with allied agencies concerned with the exports to ensure that genuine exporters get the full advantages of the export schemes without any difficulties;
- c) To monitor the performance of the field formations through monthly and quarterly returns, like duty foregone statements, drawback payment statements and quarterly drawback payment statements and to compare and compile the same to enable the Ministry to review the policy;
- d) To carry out the appraisal studies to examine the efficacy of the existing legal provisions/ rules and procedures and suggest to the Ministry about the changes to be made, if any;
- e) To conduct post-audit of the Brand Rate fixed by the concerned commissioners and carry out physical verification of selected cases independently or with the help of the central excise formations;
- f) To conduct post audit of the select cases of duty free imports allowed under various Export Promotion Schemes in the customs and central excise formations; and,

- g) To work in close coordination with the Board with the Customs-IV Section and FTT Section of the Board's office that deals with 100% EOUs/EPZ Units/SEZ Units and various Technology parks and the schemes relating to the export of gems and jewellery.

L. Directorate General of Goods and Service Tax

- (a) All policy matters relating to GST including the related legislation.
- (b) To Formulate the CBEC's views on the GST and also matters relating to the subsuming of the various Central taxes in the GST.
- (c) Matters related to issues raised in Parliament including Parliamentary Questions connected to GST will be handled. It will interact with EC (Empowered Committee) and State Governments and will assist CBEC in finalizing its views in relation to various facts of the GST.
- (d) It will also act as CBEC's interface with the Trade and Industry on the matters relating to GST and attend to any other matter relating to GST.
- (e) It will inter alia discharge functions of research and analysis, capacity building of officers, coordinating with various Directorates of CBEC and State institutions connected to GST and assist the GST in the Board on all matters related to GST.
- (f) It will also handle the transitional issues arising out of the metamorphosis of Service Tax Directorate into GST Directorate.

M. Directorate General of Valuation

- a) To assist and advise the Board in the implementation and monitoring of the working of the WTO Agreement on Customs Valuation;
- b) To build a comprehensive valuation database for internationally traded goods using past precedents, published price information or prices obtained from other authentic sources;
- c) To disseminate the price information on a continuing basis to all customs formations for online viewing as a means of assistance for day to day assessments with a view to detecting and preventing under valuation as also for enabling assessments to be finalized speedily;
- d) To monitor valuation practices at various customs formations and bring to the notice

of the Board the significant and emerging pricing patterns and to suggest corrective policy or other measures, where needed;

- e) To maintain liaison with the Valuation Directorates of other customs administrations and customs officers posted abroad;
- f) To study international price trends of sensitive commodities and pricing patterns of transnational corporations (e.g. transfer pricing) and Indian ventures with foreign collaborations and help evolve a system to combat planned under valuation as well as valuation frauds; and,
- g) To carry out inspection of the field formations to determine whether the valuation norms as evolved by the Directorate of Valuation are uniformly applied across the country.

N. Directorate General of Tax Payer Services

The terms of reference of the newly formed Directorate are as follows:

(I) Taxpayer Services, Stakeholder Consultation & Grievance Redressal:

- (a) Laying down service standards and monitoring, evaluating & reviewing the same from time to time to assess their effectiveness and efficiency,
- (b) Monitoring and reviewing Citizen's Charter and 'Sevottam' Programme at regular intervals and suggest improvements, where required
- (c) Conducting customer satisfaction surveys, independent third party audit and impact analysis so as to monitor the quality and efficiency of tax administration,
- (d) Assisting the CBEC in enhancing customer understanding and maximizing voluntary compliance
- (e) Monitoring the functioning of PTFCs, RACs and Open House Meetings so as to share good practices across Zones;
- (f) Monitoring of e-Helplines set up by Customs, Central Excise and Service Tax Zones;
- (g) Monitoring the implementation of directions and awards given by Ombudsman to make this initiative more effective
- (h) Monitoring the "Tax Payer Service Centers" in the Commissionerates and Custom Houses and analyzing the activities through periodic activity reports sent by the

Commissionerates and Custom Houses and take appropriate steps for improvement in quality and timely delivery of services and

- (i) Acting as a "Single Window Help Desk" for interface between taxpayers and field formations through a dedicated web based service portal In consultation with DGS&DM

(II)

Publicity & Public Relations:

- (a) Providing taxpayer information, taxpayer education and taxpayer assistance and designing and executing outreach programmes in coordination with NACEN, DG GST;
- (b) Ownership, Content Management & updating information on CBEC website through content owners;
- (c) Finalising an appropriate channel strategy to ensure that the service delivery is effective and is accessible to all
- (d) Educating the tax payers as regards their rights and obligations in the matter of tax compliance
- (e) Compiling and issuing hand outs, Guidance Notes, brochures, leaflets, FAQs etc. on various subjects viz. baggage allowance, refund, drawback, rebate, Project imports, SSI exemptions, CENVAT scheme, appellate remedies including alternate channels like AAR and Settlement Commission for the benefit of taxpayers
- (f) Organizing interactive sessions with trade and industry and based on the feedback received suggest changes in tax laws and procedures to the CBEC
- (g) Issuing internal communication aimed at attitudinal refinement of officials from that of regulators to facilitators and service providers
- (h) Monitoring and executing the stakeholder consultation process for changes in policy and procedures; and
- (i) Creating, putting in place and executing an appropriate media policy including social media

O.

Directorate of Logistics

- (a) To inspect, assess and evaluate the effectiveness of the staff deployed on anti-smuggling duties in the Commissionerates and in vulnerable areas;

- (b) To monitor, coordinate and evaluation the progress in cases of adjudications, prosecutions and rewards to informers and officers in various Commissionerates and to watch the progress in disposal of confiscated goods involved in prosecution cases;
- (c) To plan and assess the need for staff training, equipments, vehicles, vessels, communications or other resources required for anti smuggling work in various Commissionerates and to evaluate their operational efficiency; and,
- (d) To deal with the matters concerning acquisition, procurement, purchase, repair and reallocation of such equipment.

P. Directorate of Legal Affairs

- (a) To function as the nodal agency to monitor the legal and judicial work of the Board;
- (b) To create a data bank of all the cases decided by the various benches of the Tribunal and monitor cases effectively in order to ensure that the field formations recommend filing of appeals only in deserving cases and not on the issues already decided by the Supreme Court or High Courts and accepted by the department;
- (c) To ensure that all orders of the Tribunal are examined by the field formations and timely proposal for filing appeal are sent to the Board wherever necessary and the report about acceptance of an order is sent to the Chief Commissioner.
- (d) To intimate the field formations about important decisions of the various High Courts, which are finally accepted by the Department, and about the important decisions of the Supreme Court so that unnecessary litigation work on the issues already settled is not created by the field formations;
- (e) To create a database pertaining to the cases pending in various High Courts. The appellant/respondent Commissioners will assist the Directorate in creating and updating the database pertaining to the High Court cases;
- (f) To prepare panels of standing counsels/ panel counsels for various High Courts on the basis of feedback received from the field formations. However, the role of the

Directorate is restricted to making recommendations only and the final decision regarding approval of the panel / appointment of the Standing Counsels rests with the Ministry; and

- (g) To keep an approved panel of eminent lawyers well versed with customs and central excise laws as well as administration, who may not be on the regular panel of the government but may be engaged by the department for handling important cases.

Q. Office of the Chief Departmental Representative (CDR), CESTAT

- (a) To receive the cause list of cases from the Tribunal registry and distribute case files among Departmental Representatives (DRs);
- (b) To monitor the efficient representation by DRs in all listed cases before the benches of the CESTAT;
- (c) To coordinate with and call for cross objections, clarifications and confirmations from the Commissionerates concerned;
- (d) To maintain coordination with the President, CESTAT, and
- (e) To exercise administrative control over DRs and attend to the administrative matters pertaining to the CDR office including its regional offices at Mumbai, Kolkata, Chennai and Bangalore.

R. Central Revenues Chemical Laboratory

To analyze samples of goods, and to render technical advice to the Board and its field formations, in regard to the nature, characteristics and composition for various goods.

9.2. Revenue collections in F.Y 2014-15

9.2.1 The total indirect tax collection during 2014-15 was Rs. 544157crore (provisional figure) against the Budget Estimate (BE) of Rs. 624902 crore and Revised Estimate (RE) of Rs. 542325 crore. The overall growth in indirect tax collection in 2014-15 was nearly 9.5% over 2013-14. The tax head-wise details are given below.

9.2.1.1. Customs Duty

The RE was fixed at Rs. 188713 crore against the BE of Rs. 201819 crore in 2014-15. The actual collection during 2014-15 was Rs. 187856 crore, (provisional figure) represented a growth of 9.2% over actual collection in 2013-14.

9.2.1.2. Central Excise Duty

In view of economic slowdown the R.E was lowered to Rs 185480 crore against BE of Rs. 207110 crore in 2014-15. The actual collection during 2014-15 was Rs. 188238 crore, (provisional figure) represented a growth of 10.6 % over actual collection in 2013-14.

9.2.1.3. Service Tax

In view of low buoyancy in service tax, the R.E was fixed at Rs. 168132 crore against the BE of Rs. 215973 crore in 2014-15. The actual collection of service tax during 2014-15 was Rs. 168063 crore, represented a growth of 8.6% over actual collection in 2013-14.

9.2.2. Revenue collections in F.Y 2015-16 (April-December):

9.2.2.1. The Budget Estimate (BE) for indirect tax revenue for F.Y 2015-16 is Rs. 646267 crore (exclusive of other cess, not administered by DoR). The total indirect tax collection during 2015-16 (April-December) is Rs. 504867 crore, (provisional figure) which shows a growth of 34.2% growth over actual collection in the corresponding period of previous year.

9.2.2.2. The **revenue collections** from indirect taxes since 2011-12 are **tabulated** below:

Year Wise Trends of Indirect Tax Revenue Collection (Rs. In Crore)						
Sl. No.	Major Head	2011-12	2012-13	2013-14	2014-15 (Prov.)	#2015-16 [Apr-Dec.] (P)
I.	CUSTOMS					
	BE	151700	186694	187308	201819	208336
	RE	153000	164853	175056	188713	
	Actual	149328	165346	172085	187856	160016
	% achievement of BE	98.4	88.6	91.9	93.1	76.8
	% achievement of RE	97.6	100.3	98.3	99.5	
	% growth over last year	10.0	10.7	4.1	9.2	16.3
II.	UNION EXCISE					
	BE	164116	194350	197554	207110	228157
	RE	150696	171996	179537	185480	
	Actual	145607	176535	170198	188238	195618
	% achievement of BE	88.7	90.8	86.2	90.9	85.7
	% achievement of RE	96.6	102.6	94.8	101.5	
	% growth over last year	5.3	21.2	-3.6	10.6	63.7
III.	SERVICE TAX					
	BE	82000	124000	180141	215973	209774
	RE	95000	132697	164927	168132	
	Actual	97509	132601	154778	168063	149233
	% achievement of BE	118.9	106.9	85.9	77.8	71.1
	% achievement of RE	102.6	99.9	93.8	100.0	
	% growth over last year	37.3	36.0	16.7	8.6	25.6
IV.	INDIRECT TAX					
	BE	397816	505044	565003	624902	646267
	RE	398696	469546	519520	542325	
	Actual	392444	474482	497061	544157	504867
	% achievement of BE	98.6	93.9	88.0	87.1	78.1
	% achievement of RE	98.4	101.1	95.7	100.3	
	% growth over last year	13.7	20.9	4.8	9.5	78.1

Source: Receipts Budget/PrCC/CGA.

P=Provisional

Exclusive of cesses not administered by D/o Revenue

9.3. Budget 2015-16: Some important initiatives

9.3.1. SIMPLIFICATION:

Measures taken during Budget 2015-16

9.3.1.1. EXCISE

- 1) Reduction in number of levies: Education Cess and Secondary & Higher Education Cess leviable on excisable goods were fully exempted.
- 2) To ensure certainty and uniformity in valuation of the goods, specified goods were notified for the purposes of levy of excise duty w.r.t. the Retail Sale Price.
- 3) Excise duty on chassis for ambulances was reduced.
- 4) Clarifications were issued on various issues arising out of varied interpretations of exemption notifications so as to ensure uniformity in assessment practice, eliminate litigation, reduce compliance cost and provide a non-adversarial tax administration.
- 5) Excise duty was fully exempted on captively consumed intermediate compound coming into existence during the manufacture of Agarbattis as Agarbattis attract Nil excise duty.

9.3.1.2. CUSTOMS

- 1) The scope of the exemption from Basic Customs Duty available for antiques intended for public exhibition in a public museum or national institution was extended to antiquities intended for public exhibition in any museum or art gallery.
- 2) It has been clarified that benefit of excise exemptions available, subject to the condition that no CENVAT credit has been availed on inputs, is not available for claiming CVD exemptions.
- 3) The requirement of registration of Ship Repair Units with DG, Shipping so as to avail exemption from Basic Customs Duty on Parts and inputs required for use in ship repairs units has been done with.

9.3.1.3. SERVICE TAX

- 1) **Reduction in number of levies:** Education Cess and Secondary & Higher Education Cess on taxable services have been subsumed in Service Tax with effect from 01.06.2015. [Sections 153, 159 of the Finance Act, 2015 read with notification No.14/2015-Service Tax, dated 19.05.2015 refers].

Registration in two days: Registration in Service Tax to be granted within two working days. [ORDER No. 1/2015-SERVICE TAX, dated 28.02.2015 refers].

Time limit for taking CENVAT: Time limit for taking CENVAT Credit of duty/tax paid on inputs and input services has been extended from six months to one year. [Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].

Simplification in procedure for availment of Cenvat Credit in certain cases: For availment of CENVAT credit of service tax paid under reverse charge mechanism, the condition of having made the payment of consideration to the service provider has been done away with. [Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].

Rationalisation of penal provisions: Penalty provisions in Service Tax have been rationalized to encourage compliance and early dispute resolution. [Sections 113, 114, 115 of the Finance Act, 2015 refer].

Digital signature and preserving records in electronic form: Service Tax assesseees have been allowed to issue digitally signed invoices and maintain other records electronically. [Notification No.18/2015-Central Excise (N.T.), dated 06.07.2015 refers].

Withdrawal of Prosecution in certain circumstances: Instructions have been issued providing for withdrawal of prosecution where a noticee has been exonerated in the quasi-judicial proceedings and such order has attained finality. [Circular No.998/05/2015-CX dated 28.02.2015 refers].

If the export proceeds are not received within the prescribed time period, the exporter has to reverse the Cenvat Credit. Re-credit of such reversed Cenvat credit has been allowed, if such export proceeds are received within one year from the specified period. [Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].

Uniform abatement of 70% from gross value prescribed for transport by rail, road and vessel. Service Tax in all these cases will now be charged on 30% of the gross value of such service subject to non-availment of Cenvat Credit on inputs, capital goods and input services. [Notification No.26/2012-Service Tax, dated 20.06.2012 as amended by the notification No.8/2015-Service Tax, dated 01.03.2015 refers].

- 10) Exemption presently available on specified services of construction, repair, maintenance, renovation or alteration service provided to the Government, a local authority, or a governmental authority is restricted to (a) historical monument, archaeological site or remains of national importance, archaeological excavation or antiquity; (b) canal, dam, or other irrigation work; and (c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 11) Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is being withdrawn **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 12) Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theatre, will be limited only to such cases where amount charged is upto Rs 1,00,000 for a performance **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 13) Exemption to transportation of food stuff by rail, or vessels or road will be limited to food grains including rice and pulses, flour, milk and salt. Transportation of agricultural produce is separately exempt, and this exemption would continue **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 14) Exemptions are being withdrawn on the following services:
 - (a) Services provided by a mutual fund agent to a mutual fund or assets management company,
 - (b) Distributor to a mutual fund or AMC,
 - (c) Selling or marketing agent of lottery ticket to a distributor.Service Tax on these services shall be levied on reverse charge basis. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 15) Services by common affluent treatment plants have been exempted from service tax w.e.f 1st April, 2015**[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 16) In service tax, exemption has been extended to certain pre cold storage services in relation to fruits and vegetables so as to incentivise value addition in this crucial sector. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 17) Service provided by way of admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve has been exempted. These services when provided by the Government or local authority are already covered by the Negative List. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.6/2015-Service Tax, dated 01.03.2015 refers].**
- 18) The Negative List entry that covers “admission to entertainment event or access to amusement facility” has been omitted [section 66D]. The implication of these changes are as follows,- Service Tax shall be levied on the service provided by way of access to amusement facility providing fun or recreation by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks and theme parks.
 - Service tax to be levied on service by way of admission to entertainment event of concerts, pageants, musical performances concerts, award functions and sporting events other than the recognized sporting event, if the amount charged is more than Rs. 500 for right to admission to such an event.
 - However, the existing exemption, by way of the Negative List entry, to service by way of admission to entertainment event, namely, exhibition of cinematographic film, circus, recognized sporting event, dance, theatrical performance including drama and ballet shall be continued, through the route of exemption. **[Notification No.14/2015-Service Tax, dated 19.05.2015 refers].**
- 19) The entry in the Negative List has been pruned to exclude any service by way of carrying out any processes for production or manufacture of alcoholic liquor for human consumption.

Consequently, Service Tax shall be levied on contract manufacturing/job work for production of potable liquor for a consideration. **[Notification Nos.14/2015 and 16/2015-Service Tax, both dated 19.05.2015 refers].**

9.3.1.3.1. Measures taken in Post-Budget 2015-16 (Service Tax)

1. Service tax on Pradhan Mantri Suraksha Bima Yojna, Pradhan Mantri Jeevan Jyoti Bima Yojana; Pradhan Mantri Jan Dhan Yojana; and on services by way of collection of contribution under Atal Pension Yojana (APY) were exempted. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.12/2015-Service Tax, dated 30.04.2015 refers].**
2. Services under Power System Development Fund (PSDF) Scheme of Ministry of Power, namely, re-gasification of Liquefied Natural Gas imported by the Gas Authority of India Limited (GAIL); (B) transportation of the incremental Re-gasified Liquefied Natural Gas (RLNG) (e-bid RLNG) to the specified power generating companies or plants were exempted. **[Notification No.17/2015-Service Tax, dated 19.05.2015- refers].**
3. In regard to Good Transport Service it is clarified that a single composite service need not be broken into its components and considered as constituting separate services, if it is provided as such in the ordinary course of business. Thus, a composite service, even if it consists of more than one service, should be treated as a single service based on the main or principal service. **[Circular No.186/05/2015-CX dated 05.10.2015 refers].**
4. It has been notified that the service tax payable under section 66B of the Finance Act, 1994, on the service provided by an Indian Bank or other entity acting as an agent to the MTSO in relation to remittance of foreign currency from outside India to India, in from the 1st day of July, 2012 and ending with the 13th day of October, 2014, but for the said practice, shall not be required to be paid. **[Notification Nos.19/2015-Service Tax, dated 14.10.2015, refers].**
5. Charitable activities relating to advancement of Yoga provided by an entity registered under Section 12 AA of the Income Tax Act have been exempted from Service tax. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.20/2015-Service Tax, dated 21.10.2015 refers].**

6. In order to give impetus to banking in rural areas under the Pradhan Mantri Jan Dhan Yojana [PMJDY] Scheme, specified services provided by Business Facilitators/Business Correspondents with respect to a Basic Saving Bank Deposit has been exempted from service tax. **[Notification No.25/2012-Service Tax, dated 20.06.2012, as amended by the notification No.20/2015-Service Tax, dated 21.10.2015 refers].**
7. Detailed guideline have been issued for speedy disbursal of pending refund claims of exporters of services under rule 5 of the CENVAT Credit Rules, 2004. **[Circular No.187/06/2015-Service Tax, dated 10.11.2015 –refers]**
8. Swachh Bharat Cess has been imposed at the rate of 0.5% on all services, which are presently liable to service tax with effect from 15th November 2015 and not otherwise exempt or in the negative list. **[Notification Nos.21/2015 and 22/2015-Service Tax, both dated 06.11.2015, refers].**
9. It has been clarified that all testing and ancillary activities to testing such as seed certification, technical inspection, technical testing, analysis, tagging of seeds, rendered during testing of seeds, are covered within the meaning of testing' as mentioned in sub-clause (i) of clause (d) of section 66D of the Finance Act, 1994. Therefore, such services are not liable to Service Tax under section 66B of the Finance Act, 1994. **[Circular No.189/8/2015-Service Tax, dated 16.11.2015-refers]**
10. Distinct nature of manpower supply service and the service of job work have been clarified. **[Circular No.190/9/2015-Service Tax, dated 15.12.2015 –refers]**

9.3.2. RATIONALIZATION:

Measures taken during Budget 2015-16:

9.3.2.1. CUSTOMS

- 1) Basic Customs Duty on certain inputs was reduced to address the problem of duty inversion for sectors such as electronics & IT, telecommunication, steel, chemicals & petrochemicals, and renewable energy such as wind energy and solar energy.
- 2) Special additional duty of customs (SAD) was reduced to address the problem of CENVAT credit accumulation for sectors such as electronics, iron & steel, and chemicals & Petrochemicals.

9.3.2.2. EXCISE

The excise duty structure on mobile handsets, tablet computers and solar water heater and system was restructured so as to induce domestic value addition.

9.3.2.3. SERVICE TAX

9.3.2.3.1. The underlying theme of the Budget 2015-16 indirect tax proposals was Job creation through revival of growth and investment and promotion of domestic manufacturing and 'Make in India'; Minimum government and maximum governance to improve the ease of doing business; Improving the quality of life and public health through Swachh Bharat initiatives; and stand-alone proposals to maximize benefits to the economy.

9.3.2.3.2. In order to achieve the objective of job creation through revival of growth and investment and promotion of domestic manufacturing and 'Make in India', the following measures were taken in the field of Service Tax:

9.3.2.3.3. The objective of improving the quality of life and public health through Swachh Bharat initiatives was achieved by the following measures:

- An enabling provision was made to empower the Central Government to impose a Swachh Bharat Cess on all or certain taxable services at a rate of 2% on the value of such taxable services. The provision has been implemented with effect from 15th November, 2015 and Swachh Bharat Cess at the rate of 0.5% has been made applicable on all services except those which are exempt from Service Tax or are in the negative list. The proceeds from this Cess would be utilized for Swachh Bharat initiatives.
- Service provided by a Common Effluent Treatment Plant operator for treatment of effluent was exempted.

9.3.2.3.4. As a measure of broadening the Tax Base, the Negative List of services (i.e. services which are not taxable) was reviewed and service tax was levied on the following services:

- Service provided by way of access to amusement facility such as rides, bowling alleys, amusement arcades, water parks, theme parks, etc.
- Service by way of admission to entertainment event of concerts, non-recognized sporting events, pageants, music concerts and award functions, if the amount charged for admission is more than Rs.500.
- Service by way of carrying out any processes as job work for production or manufacture of alcoholic liquor for human consumption.

- An enabling provision was made to exclude all services provided by the Government or local authority to a business entity from the Negative List. Once this amendment is given effect to, all service provided by the Government to business entities, unless specifically exempt, shall become taxable.

9.3.2.3.5. The General Exemptions in service tax were reviewed and the following exemptions have been withdrawn:

- Specified services of construction, repair of civil structures, etc. when provided to Government except such services provided to,-
 - a) a historical monument, archaeological site
 - b) canal, dam or other irrigation work;
 - c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
- Construction, erection, commissioning or installation of original works pertaining to an airport or port.
- Services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theater. Exemption will be limited only to such cases where amount charged is upto Rs 1,00,000 per performance (except brand ambassador).
- Services provided by a mutual fund agent to a mutual fund or assets management company; distributor to a mutual fund or AMC; and selling or marketing agent of lottery ticket to a distributor of lottery.

9.3.2.3.6. In order to give impetus to banking in rural areas under the Pradhan Mantri Jan Dhan Yojana [PMJDY] Scheme, specified services provided by Business Facilitators/Business Correspondents with respect to a Basic Saving Bank Deposit (BSBD) Account covered by Pradhan Mantri Jan Dhan Yojana in a banking company's rural area branches have been exempted from service tax.

9.3.2.3.7. In keeping with the declaration of 21 June as the International Day of Yoga by UN General Assembly, charitable activities relating to advancement of Yoga have been exempted from Service tax.

9.3.2.3.8. With a view to promote ease of doing business, Cenvat Credit Rules, 2004 have been amended so as to allow credit of Education Cess and Secondary and Higher Education Cess (subsumed under Service tax with effect from 1st June, 2015) paid on inputs/input services and capital goods to be utilized for payment of service tax in specified circumstances.

9.3.3. WIDENING/DEEPENING OF TAX BASE / AUGMENTING TAX : GDP RATIO

Measures taken during Budget 2015-16:

9.3.3.1. CUSTOMS

1. Basic customs duty on metallurgical coke was increased from 2.5% to 5%.
2. Basic Customs duty on Commercial Vehicles was increased from 10% to 20%.

9.3.3.2. EXCISE

1. Excise duty of 2% without CENVAT credit or 6% with CENVAT credit was levied on condensed milk put up in unit containers.
2. Excise duty of 2% without CENVAT credit or 6% with CENVAT credit was levied on peanut butter.
3. The rate of Clean Energy Cess levied on coal, lignite and peat was increased from Rs. 100 per tonne to Rs. 200 per tonne.
4. Excise duty on sacks and bags of polymers of ethylene other than for industrial use was increased from 12% to 15%.
5. Excise duty on cigarettes was increased by 25% for cigarettes of length not exceeding 65 mm and by 15% for cigarettes of other lengths. Similar increases are proposed on cigars, cheroots and cigarillos.
6. Maximum speed of packing machine was specified as a factor relevant to production for determining excise duty payable under the Compounded levy Scheme presently applicable to pan masala, gutkha and chewing tobacco. Accordingly, deemed production and duty payable per machine per month were notified with reference to the speed range in which the maximum speed of a packing machine falls.

9.3.3.3. SERVICE TAX

- 1) **Reduction in number of levies:** Education Cess and Secondary & Higher Education Cess on taxable services have been subsumed in Service Tax with effect from 01.06.2015.

Registration in two days: Registration in Service Tax to be granted within two working days.

Time limit for taking CENVAT: Time limit for taking CENVAT Credit of duty/tax paid on inputs and an input service was extended from six months to one year.

Simplification in procedure for availment of Cenvat Credit in certain cases: For availment of CENVAT credit of service tax paid under reverse charge mechanism, the condition of having made the payment of consideration to the service provider was done away with.

Rationalisation of penal provisions: Penalty provisions in Service Tax have been rationalized to encourage compliance and early dispute resolution.

Digital signature and preserving records in electronic form: Service Tax assesseees have been allowed to issue digitally signed invoices and maintain other records electronically.

Withdrawal of Prosecution in certain circumstances: Instructions have been issued providing for withdrawal of prosecution where a noticee was exonerated in the quasi-judicial proceedings and such order has attained finality.

If the export proceeds are not received within the prescribed time period, the exporter has to reverse the Cenvat Credit. Re-credit of such reversed Cenvat credit was allowed, if such export proceeds are received within one year from the specified period.

To bring certainty in the determination of point of taxation in case of reverse charge mechanism, it was provided that point of taxation will be the payment date or three months from the date of invoice, whichever is earlier.

9.4. Central Excise

9.4.1. Major facilitation measures

Sl. No.	Circular / Date	Facilitation Measures
1.	1011/18/2015-CX, 30.10.15	Clarification regarding self-sealing and self-examination of bulk cargo- The relaxation from sealing container for export was given in the case of bulk cargo, such permission may be given subject to safeguards by the Jurisdictional Principal Chief Commissioner or Chief Commissioner of Central Excise.
2.	1010/17/2015-CX, 23.10.15	Circular regarding revised monetary limit for arrest in Central Excise and Service Tax- Now arrest in Central Excise/ Service Tax offences may be made in cases where the evasion of Central Excise duty or Service Tax or the misuse of Cenvat Credit is equal to or more than rupees one crore.

Sl. No.	Circular / Date	Facilitation Measures
3.	1009/16/2015-CX, 23.10.15	Guidelines regarding launching prosecution under CEA, 1944 and Finance Act, 1994- In this the many issues were clarified such as who is the person who is liable to be prosecuted, monetary limit for launching prosecution, guidelines regarding prosecution of habitual offenders, who are the authority to sanction prosecution, procedure to sanction prosecution, guidelines for monitoring prosecution, procedure for withdrawal of sanction order of prosecution.
4.	1008/15/2015-CX, 20.10.15	Clarification regarding essential component of wind operated electricity generators (WOEG)- Vide this various parts and components which constitute essential components of wind operated electricity generators and hence eligible for exemption under Central Excise were clarified.
5.	1006/13/2015-CX, 21.09.15	Clarification regarding binding nature of circular and instructions.-Vide this it was clarified that circular and instruction which are contrary to Court's judgement are non-est in law and are not binding on officers.
6.	1004/11/2015-CX, 21.07.15	Clarification regarding detailed scrutiny of Central Excise returns.-Vide this guidelines for detailed regular scrutiny of returns based on risk based factors issued by DG, Audit were issued.
7.	1003/10/2015-CX, 05.05.15	Clarification regarding CENVAT credit in transit sale through dealer
8.	1001/08/2015-CX, 28.04.15	Clarification regarding rebate of duty on goods cleared from DTA to SEZ- vide this clarification regarding benefit of rebate of duty on goods cleared from DTA to SEZ and issue of refund of accumulated CENVAT credit when goods are cleared from DTA to SEZ were issued.
9.	999/6/15-CX, 28.02.15	Clarification regarding place of removal of goods in Central Excise-vide this a clarification regarding in the case of exports, for purposes of CENVAT credit of input services, the place of removal from where the goods are finally exported was issued.
10.	997/04/2015-CX, 28.02.15	Circular for simplification of registration procedure in Central Excise and Service Tax- Under the new simplified procedure, once duly completed application form is received online on ACES, registration would be granted within two working days and issued online without any examination of the documents and verification of documents or premises before the grant of registration, thus initiating trust based registration. Simultaneously, assessee would be enabled to electronically pay duty. Further, the assessee would not need a signed copy of Registration Certificate as proof of registration. Registration Certificate downloaded online from ACES system would be accepted as proof of registration. Verification of the documents and premises shall be carried out post facto.
11.	F.No.224/44/2014-CX.6, 06.07.15	Instruction regarding maintenance of Records in electronic form and authentication of records by digital signature- Vide this maintenance of records in electronic form and use of digital signature to authenticate documents were allowed.
12.	F. No. 96/85/2015 - CX.I, 07.12.15	Central Excise Tariff conference was held in Chandigarh, in which decisions on 53 points were taken and circulated to trade vide Instruction- F. No. 96/85/2015-CX.I, dated 07.12.15.

9.5. Customs

9.5.1. Special Notified Zone for trading of rough diamonds:

Consequent to Hon'ble Prime Minister's announcement to make India into a hub for trading of rough diamonds, a 'Special Notified Zone' has been operationalized at Bharat Diamond Bourse at Mumbai. The procedure envisages major diamond mining companies bringing in rough diamonds for display and/or auctions to be conducted within the customs area and re-exporting the unsold consignments.

9.5.2. Setting Up of Customs Clearance Facilitation Committee (CCFC):

To ensure expeditious clearance of EXIM goods a high level administrative Committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been put in place at every major Customs seaport and airport under the chairmanship of Chief Commissioner of Customs/ Commissioner of Customs. This Committee would include the senior-most functionary of the other government departments/agencies, such as the Food Safety Standards Authority of India/the Port Health Officer (PHO); the Plant Quarantine, Animal Quarantine Authorities; the Drug Controller of India (CDSO); the Textile Committee; the Port Trust / the Airport Authority of India / Custodians; the Wild Life Authorities; the Railways/CONCOR; the Pollution Control Board. Members from trade can be co-opted to this Committee on need basis. The CCFC is mandated to focus primarily on ensuring and monitoring expeditious clearance of EXIM goods in accordance with the timeline specified by the parent ministry/Department concerned; identifying and resolving bottlenecks, if any, in the clearance procedure of imported and export goods; and resolving grievances of members of the trade and industry in regard to clearance process of imported and export goods. Similarly, at Central level, a 'Central Customs Clearance Facilitation Committee' has also been set up under the chairmanship of Revenue Secretary to address the issue relating to customs clearance and infrastructure impacting clearance of goods.

9.5.3. Green Channel Facility

CBEC has permitted Green Channel facility to all the International Passengers coming by Cruise vessels which would give a boost to the tourism industry. Besides, Indian Nationals are permitted to travel from one Indian port in a foreign cruise ships/ vessels during its domestic leg for tourism purpose.

9.5.4. 24x7 Clearance

In addition to the 18 Sea-ports and 17 Air-Cargo complexes, 24*7 Customs Clearance for specified imports/ exports covered by 'facilitated' Bills of entry and

free Shipping Bill has been extended to Krishnapatnam Sea Port, Andhra Pradesh making it the 19th Sea-port in the country where 24*7 Customs clearance is operational.

9.5.5. Use of Digital Signature

In order to increase coverage of digitally signed documents and subsequent phasing out of physical / manual submission of documents, Board has decided that all importers, exporters using services of Customs Brokers for formalities under Customs Act, 1962, shipping lines and air lines shall file customs documents under digital signature certificates mandatorily with effect from 01.01.2016. The importers/ exporters desirous of filing Bill of Entry or Shipping Bill individually may however have the option of filing declarations/ documents without using digital signature. Further, wherever the customs process documents are digitally signed, the Customs will not insist on the user to physically sign the said documents.

9.5.6. Dispensing of SDF

CBEC has dispensed away submission of SDF form and in lieu of it has incorporated a declaration to be furnished by exporters as part of the declaration in the Shipping Bill as part of the Government's measures to enhance ease of doing business.

9.6. Service Tax

9.6.1. The following legal/ procedural changes were made in Service Tax in the year 2015:-

- (1) **Simplification of the process of registration:-** The process of registration has been simplified in such a manner that registration for single premises would be issued within two working days of the receipt of complete application form without examination of documents before the grant of registration. The applicant would not need a signed copy of the Registration Certificate as proof of registration. The Registration Certificate downloaded from the ACES web site would be accepted as proof of registration.
- (2) To reduce litigation and give opportunity to the assessee for closure of proceedings if duty, interest and penalty are paid, the following changes have been made in **Sections 73, 76 and 78 of the Finance Act, 1994.**

9.6.1.1 Section 73 has been amended to insert a new sub section (1B) to provide that the service tax amount self assessed and declared in the return but not paid (either in part or full) shall be recovered under Section 87 thereof, without service of any notice under Section 73(1).

9.6.1.2 Section 76 has been amended to rationalize the provisions relating to penalties in cases not involving fraud or collusion or willful misstatement or suppression of facts or contravention of any provision of the Act or rules with

intent to evade payment of service tax in the following manner:-

- (a) Ceiling of 10% of service tax amount on penalty has been incorporated;
- (b) No penalty leviable if service tax and interest is paid within 30 days of issuance of Show Cause Notice under Section 73(1);
- (c) Reduced penalty equal to 25% leviable if the service tax, interest and reduced penalty is paid within 30 days of receipt of Order of the Central Excise Officer; and
- (d) If the service tax amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and benefit of reduced penalty (i.e., 25%) shall be admissible if service tax, interest and reduced penalty is paid within 30 days of such Appellate Order.

9.6.1.3 Section 78 has been amended to rationalize the provisions relating to penalties in cases involving fraud or collusion or willful misstatement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of service tax, in the following manner:

- (a) Penalty shall be 100% of service tax amount;
- (b) Reduced penalty equal to 15% shall be leviable if service tax, interest and reduced penalty is paid within 30 days of issuance of SCN under Section 73(1);
- (c) Reduced penalty equal to 25% leviable if the service tax, interest and reduced penalty is paid within 30 days of receipt of Order of the Central Excise Officer; and
- (d) If the service tax amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and benefit of reduced penalty (i.e., 25%) shall be admissible if service tax, interest and reduced penalty is paid within 30 days of such Appellate Order.
- (e) Guidelines for detailed manual scrutiny of ST-3 returns have been issued to strengthen the compliance verification. Selection of the units/businesses for detailed manual scrutiny is done on the basis of risk scores.
- (f) Sub Rule 4 has been added to Rule 5 of the Service Tax Rules, 1994 to provide that records under this Rule may be preserved in electronic form and every page of the record so preserved shall be authenticated by means of a digital signature.
- (g) A scheme of fast track refunds of CENVAT credit

to service exporters, for claims pending as on 31.03.2015 has been introduced w.e.f. 10.11.2015. Exporters will get a provisional payment of 80% of the refund amount within 5 days, subject to certain conditions.

9.7. Drawback Division

9.7.1. Functions of Drawback Division are as under:

- (i) Fixation of All Industry rates of Duty Drawback;
- (ii) Monitoring of sanction and disbursal of drawback by the field formations; and
- (iii) Liaisoning with the DGFT on all Export Promotion (EP) Schemes, their operationalization and monitoring (except SEZ, EOU and Gem and Jewellery schemes which are being monitored by the DGEP).

9.7.2. Achievements During The Year:

The major work done by the Drawback Division during the period 01.01.2015 to 31.12.2015 –

- (A) Issues raised in representations and feedback received from trade relating to All Industry Rates of Duty Drawback that were made effective from 22.11.2014 were redressed on priority by certain amendments to the All Industry Rates were made (effective from 13.02.2015) vide Notification no. 20/2015-Customs (NT) and 21/2015-Customs (N.T.) both dated 10.20.2015.
- (B) To provide and maintain competitiveness of export goods in the international market, All Industry Rates (AIR) of Duty Drawback were revised w.e.f. 23.11.2015 vide notification no. 110/2015-Customs (NT) dated 16.11.2015 taking into account certain average parameters including prevailing prices of inputs, input output norms, share of imports in input consumption, rates of Central Excise and Customs Duties, incidence of Service Tax paid on taxable services which are used as input services in manufacturing and processing of export goods, value of export goods etc. For ease of the trade and the field formations, Circular No. 29/2015-Customs dated 16.11.2015 issued highlighting some of the important changes in the AIR of Duty Drawback Schedule.
- (C) While revising AIR w.e.f. 23.11.2015, many products were differentiated for improved representation of average incidence of duty/tax e.g. suits, jackets and trousers are now shown separately by trifurcating existing entry, filtration fabrics and protective wear segregated by constituent material etc. Granulated slag has been provided AIR.

- (D) Provision has been made through amendment to the Rules and specification through Notification No. 110/2015-Cus (NT) for payment of provisional drawback equivalent to customs portion of All Industry Rate of duty to exporters who export under claim of drawback for brand rate in case where All Industry Rate is considered insufficient by the exporter. This will improve cash flow of such exporters who were earlier required to first file a complete application for fixation of brand rate with jurisdictional central excise authorities to get provisional brand rate.
- (E) Electronic monitoring of realization of export proceeds data received from RBI has been introduced for exports from 01.04.2014 onwards. This has advantage of not requiring documentary submissions by compliant exporters thereby reducing transaction costs in the administration of the rebate under Drawback scheme.
- (F) To operationalize the new Foreign Trade Policy 2015-20 announced by DGFT on 01.4.2015, Revenue Notifications for EPCG, Advance Authorization, DFIA Schemes issued on 01.4.2015 itself so as to provide seamless transition. For facilitation of trade and field formations, Circular No. 14/2015-Cus dated 20.4.2015 issued to explaining the salient changes in Foreign Trade Policy 2015-20.
- (G) Payment of duty on basis of self-calculation as per procedure prescribed in Circular 11/2015-Cus dated 01.04.2015 allowed for exporters who wish to regularize default in export obligations to reduce interest burden as they need not wait for detailed calculation by Regional Authorities of DGFT before being able to deposit the duty involved.
- (H) Exporters relying partly on imported duty free material against Advance Authorization had to obtain the domestic materials on payment of Central Excise duty and claim brand rate of drawback on the latter. The Advance Authorization notification 18/2015-Cus dated 01.04.2015 now allows domestic procurement without payment of duty, subject to some safeguards. This means that exporter need not block their funds in duty payment that is to be given back as duty drawback.
- (I) A limit of 5% (instead of at least 5% cases) has now been prescribed vide Instruction no. 605/71/2015-DBK dated 02.12.2015 for verification of export obligation discharge certificates and time limit of 30 days provided for customs to cancel bond executed by exporters under Advance Authorization scheme. This will reduce verifications and duplication of work in substantial number of cases.
- (J) Installation Certificate of Capital Goods under EPCG scheme may now be obtained not only from Central Excise authority but also from any Independent Chartered Engineer. This provides choice and flexibility to manufacturers.
- 9.7.3. Audit Related Work:
- Ministry's Final Action Taken Note, on observations/recommendations of 7th Report of the Public Accounts Committee (16th Lok Sabha) on 'Duty Drawback Scheme' based on Section-II of C&AG Report No. 15 of 2011-12, has been submitted to Hon'ble PAC on 17th July, 2015.
- ## 9.8. Public Accounts Committee
- 9.8.1.** During the year, PAC has selected 2 Performance Audit Reports No. 29 of 2014 Administration of Prosecutions & Penalties in Central Excise & Service Tax and Para No. 3.1 (Sub Para 3.1.1) and Para No. 5.2 of Performance Audit Report No. 33 of 2014- Central Excise Administration in Automotive Sectors for detailed examination. Ministry's Detailed Background Note on these 2 reports has been sent to Lok Sabha Secretariat on 24.6.2015 & 29.6.2015 respectively.
- 9.8.2.** Similarly, chapter II (Service Tax liability in Insurance sectors) and Chapter III (Service Tax liability in Port Sectors) were also selected for detailed examination by the Public Accounts Committee. Ministry's Detailed Background Note on these 2 chapters was also sent to Lok Sabha Secretariat on 9th October, 2015 and 12th August, 2015 respectively.
- 9.8.3.** Further, Para 2.2.1 (Incorrect availing of exemption of Audit Report No. 12 of 2009-10 and Para No. 3.4 to 3.8 (Scrutiny resulting in non-recovery of duty and interest) of Audit Report No. 17 of 2013 was also selected for detailed examination and Ministry's Detailed Background Note on these were also sent to Lok Sabha Secretariat on 24th September, 2015.
- 9.8.4.** Further, it may be stated that after finalization of ATN/settled by C&AG, the same will be upload in the portal of Monitoring Cell during the year on the direction of Committee of Secretaries (CoS).
- ## 9.9. International Customs Division
- 9.9.1.** Agreement between the Government of the Republic of India and the Government of the Democratic Socialist Republic of Sri Lanka on Co-operation and Mutual Assistance in Customs Matters was signed in Colombo on 13th March, 2015. After ratification by both sides, the Agreement came into effect on 25th December, 2015. The Agreement provides a framework for cooperation between the two Customs Administrations,

including in information and intelligence exchange, investigative assistance and technical cooperation.

9.9.2. Protocol between the Federal Customs Service (Russian Federation) and the Central Board of Excise and Customs (Republic of India) on Cooperation in Exchange of Pre-arrival Information for Facilitation of Trade and Customs Control on Goods and Vehicles moved between the Russian Federation and the Republic of India was signed in New Delhi on 6th April, 2015. The Protocol provides for facilitation of clearance for cargo traded by identified entities, to be selected along mutually accepted parameters.

9.9.3. Protocol between the Federal Customs Service (Russian Federation) and the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance of the Republic of India on Cooperation in Combating Customs Violations in Air Traffic was signed in New Delhi on 6th April, 2015.

9.9.4. Pursuant to the expansion of the Duty Free Trade Preference Scheme, which extends unilateral preferential tariff treatment to the Least Developed Countries, revised Rules of Origin were notified vide Notification No. 29/2015-Customs (N.T.), dated 10th March, 2015. The notification provides for greater clarity in the procedural aspects of certification and verification of origin.

9.9.5. Consequent to Hon'ble Prime Minister's announcement to make India into a hub for trading of rough diamonds, a procedure for creation of a 'Special Notified Zone' at Bharat Diamond Bourse at Mumbai has been notified vide Circular no. 17/2015 – Customs dated 26th May 2015. The procedure envisages major diamond mining companies bringing in rough diamonds for display and/or auctions to be conducted within the customs area and re-exporting the unsold consignments.

9.9.6. To ensure clarity in the practice of assessment and valuation of second hand machinery, simplified guidelines were issued vide Central Board of Excise and Customs Circular No. 25/2015 dated 15th October 2015.

9.9.7. To reduce transaction costs of import and export and cut upon the dwell time, the Central Board of Excise and Customs commenced notifying the exchange rates for Chinese Yuan (CNY) with effect from 8th January, 2016, thereby extending the number of currencies for which exchange rate is notified to twenty.

9.10. Anti-Smuggling Measures

9.10.1. The Anti-Smuggling Unit assists the Central Board of Excise & Customs (CBEC) in formulation of the policy and provisions of logistics for effective implementation of anti-smuggling measures through Directorate of Revenue Intelligence (DRI), Directorate of Logistics (DOL) and other Customs field formations. In

this regard, the following measures were taken during the year 2015-16 (upto December, 2015):-

9.10.2. Policy measures for strengthening enforcement capabilities:

- i. Prosecution and Arrest guidelines have been issued.
- ii. Revised guidelines for reward to informers and departmental officers have been issued.
- iii. The Anti-Smuggling Unit coordinated with other Ministries, National Security Council Secretariat (NSCS), Central Economic Intelligence Bureau (CEIB), Economic Intelligence Council (EIC), National Committee on Strengthening Maritime and Coastal Security (NCSMCS), etc. on issues relating to economic, marine, coastal, and national security.
- iv. Participated in the multilateral/international co-operation initiatives like the Protocol to eliminate Illicit Trade in Tobacco products, Indo-US Home Land Security Dialogue, Asia-Pacific Trade Based Money Laundering (TBML) and Trade-Related Economic Risks Workshop, coordinated training of Customs Officers in the Weapons of Mass Destruction (WMD) Counter Proliferation Programme held in USA, and also coordinated various joint operations under the aegis of Interpol, World Customs Organization and UNEP targeting illicit trade activities in relation to piracy, counterfeit products/medicines, smuggling, environmental crime, cross border crime, etc. in compliance with International Conventions.
- v. The Department has continuously renewed its efforts in pursuing the proposal for creation of seven new Customs Overseas Intelligence Network (COIN) posts at Beijing, Guangzhou, Dhaka, Colombo, Bangkok, Brasilia and Pretoria with the Ministry of External Affairs.

9.10.3. Procurement of Anti-Smuggling Equipment

9.10.3.1. This wing addresses the logistical requirements of field formations pertaining to Anti-smuggling, Communications and Marine equipment. In this regard the Directorate of Logistics caters to the needs of about 66 operational Customs Stations along with our international borders, 94 ports including 12 major Ports and 36 international Airports handling cargo and baggage besides Foreign Post Offices and Land Customs Stations, ICDs etc. which too are vulnerable to smuggling. The logistic support to prevent smuggling through air, land and sea is provided. The projects implemented or underway are:-

- a) **Mobile Gamma Ray Scanners** - Three Mobiles Gamma Ray Container Scanners were

commissioned at Tuticorin Port and Chennai Port in 2014 and at Kandla Port in March, 2015.

- b) **Fixed X-Ray Scanners-** Four fixed X-ray Container Scanners are under installation. Two Fixed scanners have been installed at Mumbai and at Tuticorin during 2015. Work at Kandla and Chennai Ports is likely to be completed in May-June 2016.
- c) **Three Drive-through Container Scanners (Road)** - Global tender was floated for purchase of Drive-through Scanners for installation at JNPT, Cochin and Mundra in July 2015 and the technical evaluation is underway.
- d) **Two Drive-through Scanner (Rail):** Rail Containers Scanner Project is envisaged at Gateway Ports of Nhava Sheva and Mundra. Technical specifications have been finalized. Site at Mundra Port has also been finalized. Location at JNPT is under discussion with Railways.
- e) **X-Ray Baggage Inspection Systems (XBIS):** 159 XBIS including one system with Z-Backscatter Technology have been procured and installed at Airports, ICD, LCS and FPO functional under various field formations of Customs & Excise. Procurement of 76 additional XBIS has been finalized during the year and approval of competent authority to award the contract is awaited.
- f) **Videoscopes:** A Videoscope enables the Customs officers to view inaccessible areas in cargo containers, air cargo complexes, Inland Container Depots etc. to detect attempt to smuggle contraband. Procurement process of 90 videoscopes is currently underway.
- g) **Carat meter:** This equipment is used while testing the purity of gold, silver and platinum etc. Carat Meters have been procured and supplied at the designated 12 Customs field formations in December, 2015.
- h) **Disposal of Goods:** During FY 2014-15 target for disposal fixed was Rs.471.92 crore whereas achievements have been Rs.537.20 crore, i.e. 14% higher than the target. Actual sale proceeds have been Rs.509.19 crore, which is Rs.186.92 crore more than that of preceding Financial Year.
- i) **Canine Squad:** 26 sniffer dogs have been deployed at 9 airports namely, Mumbai (9 no.), Delhi (3 no.), Amritsar (3 no.), Kochi (1 no.), Trichy (2 no.), Thiruvanthapuram (2 no.), Ahmedabad (1 no.), Pune (2 no.) and Kolkata (03 no.) after their training along with the handlers from the respective Commissionerates at

National Training Centre for Dogs (NTCD), a BSF facility, Tekanpur, Gwalior.

- j) **Marine Wing:** The Department has procured 109 boats of different categories in phases from 2009 onwards. These boats have been deployed at Jamnagar, Kandla, Ahmedabad, Mumbai, Pune, Mangalore, Goa, Kochi, Trichy, Chennai, Vizag, Bhubaneswar, Kolkata, Patna, Shillong and Vijayawada.

9.11. Anti Evasion Activities

9.11.1. The Central Board of Excise & Customs under Department of Revenue, Ministry of Finance has presently two apex intelligence agencies, namely:-

- (i) Directorate General of Revenue Intelligence.
- (ii) Directorate General of Central Excise Intelligence.

9.11.2. With a view to deal with cases of violations of Customs laws, having ramifications beyond the geographical jurisdiction of localized field formations and for collection, co-ordination and correlation of intelligence with respect to violation of these laws and also to furnish specialized know-how, in 1953, a nucleus cell, christened '**C.R.I.B. (Central Revenue Intelligence Bureau)**', charged with the responsibility of dealing with all matters connected with anti-smuggling and anti-corruption in the Customs and Central Excise organizations all over India was constituted. Thereafter, considering the magnitude of the smuggling and anti-evasion activities, the Directorate of Revenue Intelligence was thus constituted on 4th December 1957, for dealing exclusively with the work relating to the collection and study of information on smuggling activities and the deployment of all anti-smuggling resources at the all India level,

9.11.3. In 1983, Directorate of Anti-evasion was carved out of DRI as a specialized organization to plug and prevent revenue leakages pertaining to Central Excise duty. In 1988, expanded and upgraded to Directorate General of Anti-evasion. In 2000, renamed as Directorate General of Central Excise Intelligence. In 2004 mandate of DGCEI was expanded to look into the cases of evasion of Service Tax as well.

9.11.4. The mandate of these two Nodal Investigative Agencies is below:-

9.11.4.1. Directorate General of Revenue Intelligence (DGRI) :-

- (a) To study and disseminate intelligence about smuggling;
- (b) To identify the organized gangs of smugglers and areas vulnerable to smuggling, targeting of intelligence against them and their immobilization;

- (c) To maintain liaison with the intelligence and enforcement agencies in India and abroad for collection of intelligence and in-depth investigation of important cases having inter-Commissionerate and international ramification;
- (d) To alert field formations for interception of suspects and contraband goods assessment of current and likely trends in smuggling;
- (e) To advise the Ministry in all matters pertaining to anti-smuggling measures and in formulating or amending laws, procedures and practices in order to plug any loopholes; and,
- (f) To attend to such other matters as may be entrusted to the Directorate by the Ministry or the Board for action/ investigation.
- (b) To study the price structure, marking patterns and classification of commodities vulnerable to evasion of central excise duties;
- (c) To coordinate action with other departments like Income Tax etc. in cases involving evasion of central excise duties;
- (d) To investigate cases of evasion of Central excise duties having inter-Commissionerate ramification; and
- (e) To advise the Board and the Commissionerates on the modus operandi of evasion of central Excise duties and suggest appropriate remedial measures, procedures and practices in order to plug any loopholes.

9.11.4.2. Directorate General of Central Excise Intelligence (DGCEI)

- (a) To collect, collate and disseminate intelligence relating to evasion of central excise duties;

9.11.5. In addition, all Field Formations in Customs, Central Excise and Service Tax have also been vested the powers to investigate economic offences within their jurisdiction. Commissioner.

9.11.6. Anti Evasion Performance of DGCEI upto November, 2015

(₹ in crore)

Detection				Realization			
Central Excise		Service tax		Central Excise		Service tax	
No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
219	1658.95	627	6862.85	152	200.07	428	524.80

9.12. Litigation Management

9.12.1. The Government has taken a number of measures to reduce litigation in taxes. Important measures are as under:-

- i. Keeping in view of the spirit of National Litigation Policy, CBEC has issued instructions laying down threshold limit for filing Departmental Appeals as Rs. 25 lakh, Rs. 15 lakh and Rs. 10 lakh before Supreme Court, High Court and CESTAT respectively. This is expected to reduce appeals and help in de-clogging of indirect tax matters in courts and CESTAT.
- ii. The provisions of pre-deposit have been made mandatory for filing of appeal before Commissioner (Appeals) and CESTAT. This would result into Appellate Authorities concentrating their time on main Appeals instead of disposal of Stay Applications.
- iii. Scope of the Settlement Commission and Authority for Advance Rulings has further expanded.
- iv. Monetary limit of the cases heard and disposed

by Single Member Benches of CESTAT has been enhanced from Rs. 10 lakhs to Rs. 50 lakh.

- v. Establishment of six Additional Benches of CESTAT has been approved by the Government.
- vi. Early hearing application in cases involving substantial revenue is being filed for quicker disposal.
- vii. Instructions are also issued from time to time to sensitize the field formations for regularly monitoring litigation for safeguarding Government's interest and for taking steps to improve indirect tax administration.

9.12.2. Directorate of Legal Affairs is set up to function as the co-ordinating agency:

- (i) Between field formations and the Hon'ble Supreme Court Registry through Central Agency Section (CAS) of Law Ministry.
- (ii) Between the Legal and Judicial Cell of the Board i.e. CBEC and Central Agency Section (CAS) of Law Ministry. The directorate also co-ordinates between Govt. Advocates, Law Officers, Attorney General, Solicitor General, Additional Solicitor Generals, Sr. Counsels and Counsels.

9.12.3. To ensure proper representation of cases before the bench by way of filing of counter affidavits / rejoinders, curing of defects, proper and timely briefing of counsels etc.

9.12.4. Special Monitoring Cell (SMC) to keep track of the cases in the Hon'ble Supreme Court and keep the concerned field formations updated about daily proceedings in their cases. Officers regularly attend court proceedings and upload the outcomes on the CBEC website.

9.12.5. In the current year i.e. 2015-16 the Hon'ble Supreme Court had set up **Special Bench for Taxation Matters** from 09.03.2015. Till 30th November, 2015 total number of cases heard and disposed of is above 1100.

9.12.6. Functional Owner (FO) of MIS database with respect to litigation matters. Reports regarding present status of pending cases at different fora are now uploaded directly by the Commissionerates, but the same is regularly monitored by this directorate.

9.12.7. The information in respect of decisions of the various High Courts and Tribunal (CESTAT), which are received from field formations, are compiled and uploaded on the CBEC website for wider dissemination of the same.

9.12.8. Pendency Statement of cases in different fora (upto December, 2015)

(Rs. In Lakhs)

(Department Appeals)							
Sl. No.	Forum	Central Excise		Service Tax		Customs	
		No.	Amt.	No.	Amt.	No.	Amt.
1	Supreme Court	1158	386508.15	425	289823.6	364	119410.78
2	High Court	4364	853738.34	900	230650.97	1517	138531.01
3	CESTAT	10409	835189.35	5626	1312040.93	3819	241916.07
4	Commissioner (Appeal)	1948	46737.27	2621	40094.39	945	14810.62
(Party Appeals)							
1	Supreme Court	573	214867.25	194	65401.56	293	144043.28
2	High Court	3606	711814.67	2090	586847.09	2508	348765.85
3	CESTAT	29655	5760972.1	18165	6471484.48	9827	1513617.62
4	Commissioner (Appeal)	11592	337247.64	15391	446257.92	8727	124128.93

9.12.9. Information about the performance/achievements in departmental SLPs is given below :-

Information about the performance / achievements in Departmental SLPs			
Period	SLP		
	Number of proposals received	Number of SLP filed	Number of cases where High Court orders were accepted on a/c of merit/low amount
2009-10	387	331	56
2010-11	444	311	133
2011-12	374	187	187
2012-13	220	120	100
2013-14	324	237	87
2014-15	371	288	83

9.12.10. Engagement of Counsels :

Legal Cell engages/appoints Senior Standing Counsels and Junior Standing Counsels for conducting CBEC matters before various High Courts. A fresh panel for further engagement is under consideration. Instructions have also been issued conveying the field formations to avail services of the Central Government Standing Counsels/Assistants Solicitor General of India appointed by Ministry of Law to defend CBEC cases. Department also appoints retired officers (IRS:C&CE) as Special Counsels to conduct CBEC cases before CESTAT. Special Public Prosecutors are also appointed by department for handling criminal matters at various lower Courts. In exceptional cases Special Fee Counsels are also appointed by CBEC with the concurrence of Ministry of Law.

9.13. Directorate General of Systems and Data Management

9.13.1. The e-governance projects already implemented and those under implementation by the CBEC are in line with the proposed vision of the National e-Governance plan. Most of the projects undertaken by CBEC have targeted the tax payers and other stake holders such as

importers and exporters, Customs House Agents, manufacturers and service providers. In these initiatives, the department is guided by the following principles:

- Citizen-centric delivery of services through “single window” interface.
- Providing services on an “anytime, anywhere” basis.
- Ushering in Transparency and Accountability.
- Simplification of Procedures.
- Reduction in Transaction Costs.
- Minimization of manual interface.
- Encouraging voluntary compliance.
- Synergy between various Tax Systems.

9.13.2. Efforts are being made to make an overview of the Department available over the internet and through various service centers. Integrated service delivery is also being attempted by integrating processes, cutting across diverse field formations under CBEC and also by integrating with partner agencies such as Banks, Airlines, Custodians, CONCOR, etc.

9.13.3. Details of Completed Activities / Services

Sl. No	Activity	Brief Account
1.	Online registration of Central Excise Assessee	To enable the taxpayer to register online as Central Excise Assessee On the website www.aces.gov.in [Currently available to users in 146 Commissionerates.] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
2.	Online registration of Service Tax Assessee	To enable the taxpayer to register online as Service Tax Assessee On the website www.aces.gov.in [Currently available to users in 146 Commissionerates.] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
3.	Online filing of Central Excise Claims, Intimations & Permissions	To enable the taxpayer to file online Claims, Intimations & Permissions On the website www.aces.gov.in [Currently available to users in 146 Commissionerates.] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
4.	Online filing of Central Excise Returns	To enable the taxpayer to file their Central Excise Returns over the Internet. On the website www.aces.gov.in [Currently available to users in 146 Commissionerates.] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
5.	Online filing of Service Tax Returns	To enable the taxpayer to file their Service Tax Returns over the Internet. On the website www.aces.gov.in

Sl. No	Activity	Brief Account
		[Currently available to users in 146 Commissionerates. (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)]
6.	e-payment of Central Excise Duty	To enable the tax payer to make online e-payment by directing the user to the EASIEST website (https://cbec-easiest.gov.in/EST/InputPageForEPaymentServlet) or to the website of assessee's preferred bank. On the website www.aces.gov.in
7.	Online registration with ACES	To enable the tax payer to register online for transacting electronically with the Central Excise or Service Tax Department through ACES. [Currently available to users in 146 Commissionerates.] On the website www.aces.gov.in (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5LTU)
8.	Online registration of Non - Assessee with ACES	To enable Non - Assessee such as Merchant exporters to register with ACES to transact with the Department On the website www.aces.gov.in [Currently available to users in 146 Commissionerates] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5LTU)
9.	Online training on ACES	To enable assessee, non-assessee & other users to be familiar with the ACES through online tutorials (Learning Management Software), User Manuals and FAQs. On the website www.aces.gov.in
10.	Web-viewing and Web-tracking of status of Central Excise / Service Tax documents	To enable tax payer & users to view or to ascertain the status of their Central Excise / Service Tax documents filed through ACES On the website www.aces.gov.in
11.	Service Desk facility for ACES	To provide the users the facility of Service Desk to solve their problems in using ACES by calling national toll free No.1800-425-4251 (on working days between 9 AM to 7 PM & 9.00 am to 2.30 pm on Saturdays) or by sending e-mails to aces.servicedesk@icegate.gov.in . <i>[As on 01.12.2015, 11,56,215 issues have been received out of which 11,56,143 have been resolved and percentage of resolution is 99.99 %]</i>
12.	Electronic credit of Duty Drawback and Service Tax Refund	To enable the taxpayer to receive electronic credit of the amount due directly into his account with any bank. This is enabled in the Indian Customs EDI System (ICES).
13.	Dissemination of information relating to the indirect taxes through web	To enable the taxpayers to obtain up to date information relating to Customs, Central Excise & Service Tax laws, forms, etc through internet. On the websites www.cbec.gov.in, www.aces.gov.in and https://www.icegate.gov.in
14.	Online registration of Importers/ Exporters/ CHAs	To enable the taxpayer to register online as Trading Partner for transacting electronically with the Customs is available on the website www.icegate.gov.in . The user has to be registered at ICEGATE in order to file BE, SB, IGM, CGM, EGM etc. Registration is free.

Sl. No	Activity	Brief Account
15.	Online filing of Customs documents such as BE, SB, IGM, EGM, CGM, SGM etc.	The number of documents filed through Remote EDI System (RES) has been consistently rising. In the FY 2009-10 ICEGATE handled a total of 8.3 million documents. More than 9.15 Million documents have been filed during 2015-16 up to Dec. 2015 Presently, the most preferred format for filing at ICEGATE is proprietary flat file message formats however; option to use the other schemas such as XML & UN-EDIFACT message formats are also available to trade. In ICEGATE Upgrade project, schemas for XML & UN-EDIFACT message formats are being developed. Total 136 major customs locations are covered in Customs EDI System. In addition, the upgraded ICEGATE also allows filing, Amendments and Query Reply Messages Online through ICEGATE for ICES 1.5 locations and also gives the facility to take the printout of the 1st Copy of the Bill of Entry and the Challan for Duty payment at the Service Centre as well as at the user's preferred location such as house / office etc.
16.	Electronic filing options	There are three options for filing the documents 1. E-Mails (SMTP - Simple Mail Transfer Protocol) 2. Web Upload 3. FTP (File Transfer Protocol)
17.	Online acknowledgement	Acknowledgements of the documents filed through RES are electronically communicated to the users at their email addresses.
18.	e-payment of Customs Duty	ICEGATE enables the tax payer to make multiple payments at one go through the e-gateway. More than 99% customs duty paid through at 136 EDI locations comes through e-gateway. The amount of e-payment during January 2015 to November 2015 is Rs.1,96,122.00 Crores.
19.	Electronic messages for Customs Duty payment in the bank.	The prompt electronic messages to the bank containing the duty payment challan details as soon as the BE is assessed and due for duty payment enables prompt duty payment by the tax payers by visiting the bank and the reverse message of duty payment from the bank and its integration into messaging enables import goods' clearance without hassle and reduces transaction costs.
20.	Web-tracking of status of Documents filed electronically	Tax payers/ users can view their document status through www.icegate.gov.in tracking system. Online tracking system includes: • BE status tracking • SB status tracking • Container based tracking • BL tracking • IGM/ SGM/ CGM tracking • EGM tracking • tracking of queries raised in BE • tracking of queries raised in SB • Challan tracking • IEC tracking • License status tracking etc. • CHA PAN based enquiry • DBK scroll tracking and • SB wise DBK enquiry

Sl. No	Activity	Brief Account
21.	Online Information sharing and authentication	The Customs department shares following information with DGFT in with DGFT the Ministry of Commerce through ICEGATE: • IEC (Importer Exporter Code) issued by DGFT • Shipping bill data for the issue of Licenses • Import Export Licenses issued by DGFT • Verification of licenses issued by DGFT with the relevant Customs Shipping Bills and its integration into the ICES
22.	Online information sharing with other Govt. Agencies	Customs shares information with following Govt. Agencies online: • RBI • DGFT • DGCI&S (Ministry of Commerce) • Pr. CCA • Ministry of Steel etc.
23.	Customs Duty Calculator	As a measure of facilitation, Customs Duty Calculator has been provided at the ICEGATE and CBEC website, which not only provides rate and calculation of different types of customs duty (chapter headings wise), but also gives details of Compulsory Compliance Requirement and relevant Notifications etc.
24.	Automation of Manual Procedures Reduction in Dwell time:	a. New EDI sites- During 2015, a total number of 16 Customs sites were brought under EDI which included 6 sites in online trade (Production) and 10 sites in testing (Pre-production) b. ICES-SEZ integration Pilot project for ICES-SEZ integration was launched in Jan 2015 in Chennai and has been extended to all sea ports and airports in April 2015. This will eliminate the need for paper based documents needed for transaction on movement of cargo between SEZs and Customs ports. c. CRCL Module Pilot project for ICES-CRCL message exchange initiated in Delhi in Jan 2015 and is being extended to all other sites. The module facilitates sending the samples for testing (the test memo) to a chosen CRCL lab on the ICES. CRCL lab will provide the results of testing on the EDI system. This test report will be automatically integrated with the Bill of Entry. Thereafter, customs can finalize the Bill of Entry. This eliminates the use of paper in test memo and the subsequent report from the lab. d. Single Window - Phase I As a trade facilitation measure, a pilot project has been launched in JNCH, NhavaSheva, ICD, TKD and ICD, PPG in April, 2015 wherein a provision in ICES has been made to obtain electronic No Objection Certificate from PQIS (Plant Quarantine Information System) and FSSAI (Food Safety and Standards Authority of India). e. EBRC (Electronic Bank Realization Certificate) It will eliminate the need to provide documentary proof of export realization to Customs, as details are received from RBI directly.

Sl. No	Activity	Brief Account
		f. Collection of EDD through EDI In respect of cases referred for investigation by Special Valuation Branch (SVB), 1% EDD (Extra Duty Deposit) is required to be collected. However, there was no provision for collecting EDD through e-payment. Necessary modifications were made to collect this duty through e-payment which enabled increasing accountability while providing ease of payment to Importers. The new functionality for electronic payment of EDD i.e. Extra Duty Deposit by importers pending finalization of "Related party transaction" was enabled in ICES production during June, 2015. g. PCCCC (Precious Cargo Customs Clearance Centre) This ICES module was made operational in May 2015 at BDB, Mumbai which handles 90% of precious cargo trade in India. This enabled filing of approximately 500 to 700 electronic Shipping Bills per day to the tune of Rs. 150 Crores per day of precious cargo. h. MEIS Implementation Merchant Export Incentive Scheme (MEIS) has been implemented for online transmission of Shipping Bills to DGFT and online receipt of licences for their integration in ICES. This has resulted in secure and paperless licence implementation greatly facilitating the exporters. i. Drawback The revised All Industry Rates of duty drawback and other duty drawback related changes prescribed vide the CBEC circular No.29/2015 dated 16.11.2015 were updated in the ICES directories by constituting a team of dedicated officials.
	Enhanced public interface	a. Contract to run Service Centers at EDI sites A contract to run service centers at various Customs EDI site was awarded to M/s Xeam Ventures Ltd on 15.09.2015. This is the first time that the whole process of tendering was done online in DG Systems through Government's Central Public Procurement Portal eprocure.gov.in b. Knowledge sharing Training sessions and Workshops are conducted with all stake holders, such as, Customs Department field Officers, Airline/ Shipping Line Operators, Customs House Agents, Custodians, Other Ministry/Department Officers etc., for imparting knowledge, improving awareness and providing training on effective use of the EDI system. Training workshops were periodically held at Mumbai, Chennai, Kandla to train officers and promote the use of new modules like SEZ online/ Air transshipment, etc. In continuation of the above process, a workshop for System Managers christened as SMART (System Manager Awareness, Review and Training) was held on 18.12.2015 at Hyderabad.
	Enhanced monitoring mechanism and thereby reduced verification	a. Digital Signature From April 2015, a facility has been created in ICES for the trade to file their Customs declarations with Digital Signature. The status of signing will be available for viewing by the departmental officers, thus reducing the need to provide documentary proof.

Sl. No	Activity	Brief Account
		b. Seals and Signature module Seals and Signature module has been launched in 4 pilot sites, namely, IGI airport Delhi (INDEL4), Cochin Port (INCOK1), Chennai Sea Port (INMAA1) and Bangalore Air Cargo (INBLR4) in the month of Sep. 2015. This module enables online verification of country of origin certificates issued by various countries for import of goods into India. It will be an effective tool in fraud prevention. It is a green customs initiative also, as it eliminates the need for paper copies of the document to be sent to all field formations.
25.	API (Application Program Interface) for the ICES	API (Application Program Interface) for the Customs EDI by way of publication of: • Communication Guidelines With ICEGATE for ICES 1.0 and ICES 1.5 • Code List / Directories such as port code, AD code, and currency code directories etc. • PAN Based CHA (Custom House Agents) Data
26.	Registration for IPR (Intellectual Property Rights)	The registration once done for an IPR at ICEGATE is valid for all the ICES sites. It is also free.
27.	Online training on ICEGATE / Self help	Sample formats of messages as per the requirement of trade and FAQs are also provided on the ICEGATE website www.icegate.gov.in
28.	24X7 helpdesk facility	The ICEGATE also provides 24X7 helpdesk facility to the trade through dedicated toll free number. In the year 2011-12 the helpdesk received more than 137005 e-mails and 107324 calls. 285323 calls and 108681 mails have been received during the period January 2015 to November 2015.
29.	EASIEST	The Electronic Accounting System in Excise and Service Tax (EASIEST) project was launched in March 2007 with the objective of making available accurate tax payment data from banks for revenue and tax payer accounting. Under this system, data through all modes of payment including e-payment is captured by banks in the agreed format and uploaded in electronic form and made available to the Department. For improving data quality of Internet payments the EASIEST e-payment portal was developed. This is a web based feature which interfaces with the e-payment portals of the tax collecting banks. It is operational since November 2008. The various validations of the challans are done at this level before forwarding it to the bank's site for the financial transaction. As on date, 29 banks are authorized and have got linked with this portal. In respect of the current financial year 2015-16 (upto 30th November, 2015), 57.54 lakh challans have been uploaded by the banks. In the current year, 100% of the revenue in Central Excise and Service tax was through e-payment (in terms of volume). Of course, few challans are paid through physical mode due to some exigencies accepted by the jurisdictional AC/DC.
		Outcomes of the project 1. With the implementation of EASIEST, it has become possible to ascertain the gross revenue collection figures for Central Excise

Sl. No	Activity	Brief Account
		and Service Tax on a daily basis by CBEC. Web-based MIS have been developed to monitor the tax collection.
		2. Further, as per RBI data feed, Report on Gross Revenue, Refunds and Net Revenue as per fund settlement by the agency banks is also provided to CBEC.
		3. Capture of the unique Assessee Code in EASIEST data enables accounting of the tax paid by each taxpayer.
		4. Automation in Central Excise and Service Tax (ACES) project has automated the workflow in the Central Excise and Service Tax Commissionerates. The data from EASIEST are used by the ACES application and it helps in system-based verification of tax payment.
		5. As part of the EASIEST project, the taxpayer is able to verify the status of tax payment over internet. This not only increases transparency but also provides a sense of confidence in the taxpayers that the taxes paid are correctly credited.

9.13.4. Brief details of on-going Projects are as under:

Sl. No.	On- Going Projects	Brief Account
1.	Automation of Central Excise and Service Tax (ACES)	ACES is a centrally-hosted, web-based and workflow-based software application to automate the entire business processes relating to Central Excise and Service Tax that includes online registration, online filing and processing of returns, claims, intimations and permissions, filing and processing of excise related export documents, dispute resolution, audit etc. ACES has been rolled out in all 104 Commissionerates on 23.12.2009. During 2014-15, consequent to Cadre re-organization and formation of additional Commissionerates, the extent of ACES has enhanced and now encompasses altogether 146 Commissionerates. e-filing of returns has been made mandatory for all Central Excise & Service Tax assessees w.e.f 01.10.2011 vide Notification No. 21& 22/2011-CX dtd. 14.09.11 and 43/2011-S.Tax dtd. 25.08.2011. <i>Till 30.11.2015, 73,89,678 Central Excise Returns and 86,82,150 Service Tax Returns have been filed in ACES. Also 1,78,318 Registration applications in Central Excise & 17,36,037 Registration applications in Service Tax have been filed in ACES. Further, 2,72,264 claims of Refund and 4,63,886 Claims and Intimation applications have been filed in ACES</i> In order to help the users, CBEC has set up a Service Desk with a National Toll-free No 1800 425 4251, which can be accessed by both the departmental officers and taxpayers between 9 AM to 7 PM on all working days. Besides, they can send e-mails (24X7) to aces.servicedesk@icegate.gov.in. All the calls / e-mails are logged by the Service Desk Agents, who are issued unique ticket numbers. If these Agents cannot resolve the issues at their end, they can escalate it to different teams namely the application team, Network team or the Hardware team for necessary action. CBEC teams closely monitor the progress of work in the Service Desk, analyse the issues and issue suitable instructions for early resolution. Close monitoring by the CBEC team has resulted in a very high degree of resolution. Till 01.12.2015,

Sl. On- Going Projects No.	Brief Account
	11,56,215 issues were received in Service Desk, out of which 11,56,143 (99.99%) issues have been resolved. MOUs have been signed with Institute of Chartered Accountants (ICAI), Institute of Cost Accountants (ICAI) and Institute of Companies Secretaries (ICSI) to set up Certified Facilitation Centers across India. These CFCs assist those assesseees who do not possess requisite expertise or infrastructure to transact their business in ACES. Currently, around 1599 such CFCs are operating in about 350 cities across India and the services are available on payment of prescribed services charges for various services such as digitisation of paper documents and on-line filing/ uploading of documents such as Application for Registration, Returns, Claims, Permissions and Intimations etc. in ACES. CBEC holds workshops and training programmes in different parts of the country by collaborating with different local Chambers of Commerce and Industry/Trade Associations and Institutes. Learning Management Software (LMS), a self-learning online tutorial has been hosted on the ACES website to teach users how to use ACES. User Manuals and FAQs have also been hosted on the ACES website.
2. Augmentation of Computer infrastructure within the department	An All India Wide Area Network linking more than 37,000 Departmental users has been set up to link CBEC officers with the National Data Centre and Disaster Recovery Site. The Wide Area Network (WAN) has been implemented at 523 sites. The work at remaining 16 sites is in progress. Helpdesks have been provisioned to address user complaints on WAN and LAN issues. Alternate WAN Connectivity at 20 critical CBEC locations is being provisioned by M/s Tata Communications Ltd . This will ensure 100% availability of network at these locations.
System Integration	The project is implemented and is in maintenance phase. The infrastructure is being augmented for enhancing the quality of services being delivered to internal and external stakeholders - (departmental officers and taxpayers). • Three National Data Centres are in operation with system uptime of greater than 99%. There is centralised monitoring and security management on a 24*7*365 basis. • All centralised business software applications such as the Indian Customs EDI system (ICES), the Central Excise and Service Tax application (ACES), EDW, etc. are being hosted from these National Data Centres. The system supports about 37000 internal users and has about 30 registered external users (taxpayers). • Websites hosted - The corporate website (cbec.gov.in), e-commerce portal (icegate.gov.in) and the ACES website (aces.gov.in) are running from this central infrastructure and they had more than 245.8 crores hits in the current FY 2015-16 till 30.11. 2015. • A 24*7*365 SI helpdesk is in operation for Infrastructure and resolution of end user problems. A total of 41095 tickets were logged at the SI helpdesk in 2014-15 up to December 2014. • A Single Sign-on (SSO) application supporting more than 37000 registered users has also been implemented for providing policy

Sl. No.	On- Going Projects	Brief Account
		based access for CBEC's officers to different applications. - Owned email domain - webmail.icegate.gov.in mail messaging solution has been implemented from the Data Centre to provide official mail accounts to over 20,000 internal users. - A Network & IT Operations Centre (NOC) has been set up for providing support to applications users and pro-active monitoring of the infrastructure. - CBEC's Disaster Recovery Simulation drill was successfully carried out on 11th and 12th July, 2015. The primary site at New Delhi was switched off and operations were restarted successfully from the disaster recovery site (located at Chennai) from 1000 hrs to 1900 hrs on 11th July, 2015. All the data of these transactions was successfully replicated back and operations were restored from the primary site at 1600 hrs on 12th July, 2015 - During the drill, the DR site functioned as the primary site and all transactions by officers of identified sites were carried out as though on a normal day. A total of about 3100 Customs documents were filed, Customs duty amounting to Rs.77.72 crores was collected on 11.07.2015 and the ICEGATE website got 1.7 million hits. On the Central Excise and Service Tax side, a total of 105 Registrations and 1999 Returns were filed and the ACES website got about 2.3 million hits. A total of 66,983 emails (incoming and outgoing) were processed by the mail messaging system at DR
3.	Local Area Network	Local Area Network Connectivity has been provided to CBEC users in about 1177 buildings with requisite IT hardware such as Thin Clients, Network Printers, Print Servers, and Scanners etc. Using LAN, the Commissionerates, Customs Houses, Directorates, Divisions, ICDs, Land Customs Stations and the Central Excise/Service Tax Ranges are able to securely connect/access the central computing facility.
4.	Data Warehouse (DW)	CBEC's Enterprise DW called SmartView is a web-based analytical reporting solution that is specifically designed for fast querying and sophisticated analytical capabilities, using the latest Business Intelligence (BI) tools. It is the first of its kind in the field of taxation in India. It has the capability to extract the data from various online transactional systems such as ICES 1.5 (Customs), ACES (Central Excise & Service Tax Returns) and EASIEST (Central Excise & Service Tax Payments), at a regular pre-set frequency. CBEC's Data Warehouse is hosted on CBEC's centralized, consolidated IT infrastructure. It is expected to be a single repository for Indirect Tax data providing a holistic nation-wide view of the Customs, Central Excise and Service Tax data. This has enabled, for the first time, a 360 degree view of the taxpayer across Customs, Central Excise & Service Tax. SmartView has a user - friendly interface for accessing pre-defined reports and multi - dimensional analysis, along with an ad-hoc query facility. It also has data mining and text mining capabilities, which are being used to assist RMD in profiling entities involved in Import and Export. Around 75 Customs, Central Excise and Service Tax pre-defined reports have been developed so far in the Data Warehouse based on requirements taken from various field offices, Directorates, TRU, Board etc. There is no requirement for technical expertise to extract these reports or query the data from the DW portal and these reports are available to the user through CBECs applications' interface with a click

Sl. On- Going Projects No.	Brief Account
	of the mouse. The SmartView application has been rolled out for Departmental users and comprehensive end-use training has been imparted to a large number of officers. Additionally, the TAX 360 project has been implemented which enables Seamless Data Exchange between CBEC, CBDT and the Sales Tax Administration of the State of Maharashtra, and allows a 360 degree view of a taxpayer across Income Tax, Service Tax, Central Excise, Customs and State VAT. The pilot has now been extended to cover, besides Maharashtra, the VAT Administrations of Gujarat, Kerala, Tamil Nadu, Andhra Pradesh and West Bengal.
5. Electronic Data Interchange (EDI)	The upgraded version of the Customs EDI System (ICES, version 1.5) has been implemented at 130 Customs locations. The number of documents filed in the period 01.01.2015 to 30.11.2015 is as follows: Bills of Entry : 3536289 Shipping Bills: 5357567 Import General Manifests: 122442 Export General Manifests: 841
6. Goods and Services Tax Network (GSTN)	GSTN & Upgrade of IT infrastructure for GST readiness: The implementation of GST requires (i) integration of indirect tax IT systems at Centre and States to provide standard and uniform interface to the tax payers and (ii) a robust settlement mechanism amongst the States and the Centre particularly in the context of the inter-state trade of goods and services (IGST). This is possible only when there is a strong IT Infrastructure and Service backbone which enables capture, processing and exchange of information amongst the stakeholders (including tax payers, States and Central Government, Banks and RBI). (A) To give a concrete shape to these objectives, the Directorate General of Systems and Data Management has played the role of a Secretariat to the Empowered Group on IT Infrastructure for GST (EG) which included representatives from seven States. Based on EG recommendations and approval of Empowered Committee of State Finance Ministers, the Union Cabinet on April 12 2012, approved the setting up of Goods and Services Tax Network (GSTN SPV) as a non Government, not for profit, private limited Company. The GSTN was established in March 2013 and its Chairman appointed. CBEC Member (Computerization) is ex-officio Director in the GSTN Board of Directors. (B) DG (Systems) had coordinated a Pilot Project, through NSDL, covering Centre and States for GST implementation under the aegis of the EG. The following tasks were completed - • 'As-Is' Study of IT infrastructure & Processes for Centre and all States / UTs • PAN analysis of existing Dealer data for all States / UTs and Centre • Development and Testing of the prototype modules for GST Registration, Return, Payments, payment reconciliation, credit verification and inter-state settlement. These modules were based on the interim business processes which were under discussion between Centre and States. • Based on the above prototype modules, workshops were conducted for officials and select dealers in some States as also for select Central Excise and Service Tax formations in Chennai and Bangalore

Sl. No.	On- Going Projects	Brief Account
7	ICEGATE	With the set up of GSTN, the work of pilot project has been taken over by GSTN in June 2014. GSTN is working to create IT front end portal for GST. Further, the Directorate of Systems & Data Management has floated RFP to engage vendor for developing CBEC Indirect Tax applications (ACES and GST). ICEGATE is a platform that connects all EDI stake holders with customs core application for remote EDI services, data sharing, validation and processing under customs IT business flow. It also connects other governments through SFTP for information sharing. ICEGATE provides e-filing services to the trade and cargo carriers and other clients of Customs Department. It creates Single Window environment and provide door step services. The domain of Single window system is getting expanded in terms of data exchange with from many other agencies like PQIS, FSSAI, Pr. CCA, RBI. The ICEGATE offers a host of services including electronic filing of documents through Remote EDI Services (RES) including Bills of Entry, Shipping Bills, IGM, EGM, CGM etc.; data transmission with various trade partners like Custodians, Airlines, Shipping Lines, Banks, Consol Agents etc. and other Govt. Agencies like DGFT, DOV, etc. Further, ICEGATE also provides real time documents tracking system, appraising query and reply support online, e-payment, export incentive disbursal to the exporters account, Service Tax refund on exported goods etc. ICEGATE provides multiple formats (flat file, xml etc.) and communication protocols (SFTP, Web-form, direct upload through e-mail etc.) for users. Besides, DTR data is also exchanged with other Regulatory and licensing Authorities like DGFT, RBI and DGCI&S, Ministry of Steel, Coffee Board etc. through ICEGATE. The National Import Database (NIDB) and Export Commodity Database (ECDB) for Directorate of Valuation are also being serviced through ICEGATE. All electronic documents/ messages handled by the ICEGATE are processed by the Customs' and by the Indian Customs EDI Systems (ICES). In addition, ICEGATE also provides many other services like online registration of IPR, online verification of DEPB/DES/EPCG licenses, online Import-Export Code (IEC) update, PAN based CHA data verification and Registration and links to the various other Agencies' servers for completing business process of Customs like various Banks, Custodians, DGFT etc. ICEGATE also provides 24X365 helpdesk /support Services to the trades and industries. It deals with all the grievances through toll free dedicated telephone lines as well as through e-mails. There has been a constant rise in the filing of customs documents through ICEGATE, since its introduction in 2004. ICEGATE has handled data exchange between Customs and Trade Partners with the help of 151 types of messages, and more than 99% of duty payment at 136 EDI locations through e-payment gateway. MEIS Message: The testing of MEIS message development was done on 31st August 2015. The MEIS moved into production on 9th Sept, 2015.

9.13.4.1. The e-governance projects of CBEC have helped in making the process of assessment of goods transparent due to the following features:-

- (a) Document status information through use of Tele-enquiry system, Touch Screen Kiosks, SMS, display of Document status on TV monitors and on local web sites leading to greater transparency in the monitoring of shipments by trade.
- (b) Transparency engendered through Document Tracking, Status Query and Help Desks at ICEGATE.
- (c) Information dissemination through departmental websites: www.cbec.gov.in, www.icegate.gov.in, www.aces.gov.in.

9.14. RISK MANAGEMENT SYSTEMS (RMS)

9.14.1. The Central Board of Excise and Customs (CBEC) has implemented a state-of-the-art Risk Management System (RMS) for its Customs operations. RMS is a risk based targeting system which flags high risk consignments for verification of assessment and examination, whereas consignments posing little or no risk are allowed clearance without intervention by Customs. The Indian Customs' RMS has three main modules, viz

- RMS Imports Module
- RMS Exports Module
- Container Selection Module

9.14.2. RMS Imports Module

RMS in Imports was introduced vide CBEC circular no. 43/2005- Cus. dated 24.11.2005 and has been operational since December, 2005. It has been implemented in 107 Customs locations in the country so far. Bills of Entry filed by importers in the Indian Customs EDI System (ICES) are processed for risk and a large number of consignments are allowed clearance without examination based on the importers' self assessment. Other consignments are marked for verification of assessment or examination or both depending on the evaluation of risk by the Import module of RMS. From amongst consignments which are not interdicted by the RMS, a specified percentage is selected for Post Clearance Audit based on certain risk criteria.

9.14.3. RMS Exports Module

RMS in Exports was introduced vide CBEC circular no. 23/2013- Cus. dated 24.06.2013 and has been operational since July, 2013. It has been implemented in 117 Customs locations in the country till December, 2015. The Exports module has enabled expeditious clearance of compliant export consignments because only risky shipments are interdicted for verification of assessment and examination.

9.14.4. Container Selection Module

CBEC has installed Container Scanners for scanning of Cargo containers at some of the major ports of the country including JNPT (NhavaSheva), Chennai Port, Tuticorin Port and Mumbai Port. To make an informed decision regarding which containers to scan, the Risk Management Division introduced a Container Selection Module (CSM) in the RMS. The Container Selection Module processes the Import General Manifest (IGM) data and associated risk parameters to come up with the list of containers to be scanned.

9.14.5. Arts For Enforcement Of Intellectual Property Rights

Besides the above mentioned three main modules, the Risk Management Division also manages a separate web based facility, Automated Recording and Targeting System (ARTS) module for enforcing Intellectual Property Rights (IPR) of individual right holders at international borders. This facility allows a right holder to register and record its Intellectual Property Right with Indian Customs. This 24X7 web based facility is accessible to all the right holders and designated customs officers at all the Indian Ports. It stores information about all the IPRs registered with Indian Customs and provides real time access to Customs officers about the same.

9.14.6. Accredited Clients Programme (ACP)

A major component of the Indian Customs' Risk Management System is the flagship facilitation programme administered by CBEC, namely, the Accredited Clients Programme (ACP). The RMS gives preferential treatment to ACP status holders as they are granted accreditation on the basis of proven history of compliance and other qualifying parameters as detailed in CBEC circular No. 42/2005-Cus. dated 24.11.2005. ACP entities form a separate category to which assured facilitation is being provided. Except for a nominal percentage of consignments selected on random basis by the RMS, or cases where specific intelligence is available or where a specifically observed pattern of non-compliance is required to be addressed, the ACP status holders are being allowed clearance on the basis of self-assessment i.e. as a matter of course, clearance is being allowed on the basis of the importer's declarations, and without examination of goods. The ACP scheme provides due recognition and the incentive of facilitation and facility of direct delivery from port to importers who maintain high levels of compliance. Total number of ACP status holders as on 18.12.2015 is 351.

9.14.7. Preferential treatment for AEO status holders

RMS also gives preferential treatment to importers registered as Authorized Economic Operators (AEO).

9.14.8. Compulsory Compliance Requirements (CCRs)

The Risk Management Division compiles and frequently updates Compulsory Compliance Requirements (CCRs). CCRs are a consolidated database of compliance requirements arising out of the Customs Act, 1962 and various other allied enactments administered by other government departments (OGDs) and implemented by Customs at borders. CCRs are printed on Bills of Entry and Shipping Bills for guidance of trade and officers. CCRs have also been made available to public through the CBEC website. With the help of this database, an importer can know the compliance requirements to be met under various enactments as applicable to the commodity to be imported/ exported.

9.14.9. Benefits of RMS To The Trade

The Risk Management System has served as a great measure of trade facilitation. As of now, more than 98% of India's international trade is processed under RMS. The implementation of RMS has revolutionized the Customs import/ export clearance processes by limiting Customs intervention only in cases of perceived risks determined on the basis of objective risk evaluation criteria. By creating trust based environment, this measure has encouraged voluntary compliance and has also brought about drastic reduction in the dwell time of cargo and transaction costs for importers and exporters, and improved their global competitiveness. Further, the compulsory compliance requirements have proved to be highly educative for the trade. Also, the non-intrusive inspection by way of container scanners has obviated the need for higher degree of examination.

9.14.10. Benefits Of RMS to the Department And Officers

The implementation of RMS has enabled the Department to optimize the scarce staff resources. The Customs field staff can now concentrate on verification of assessment and examination of cargo which is determined to be risk rather than routine verification and examination of all inbound or outbound cargo. Thus, the quality of verification and examination has significantly improved. Further, it is because of RMS that Indian Customs has been able to effectively cope with the exponential growth in the volume of cargo which has come about in the past decades. The Department has been able to balance the mandates of trade facilitation and effective enforcement through the RMS. The officers in the field have also immensely benefited in the process of examination and verification of assessment as in respect of each consignment, the RMS sends the Appraising and Examination instructions to the assessing and examining officers besides Compulsory Compliance

Requirements. These are crucial and vital inputs for the officers increasing their capacity to deliver and efficiency.

9.14.11. Advance Passenger Information System (APIS)

9.14.11.1. The volume of passengers travelling on international flights has been growing at a fast pace in recent times due to liberalization, globalization and increase in international trade and tourism. The growth in passenger traffic has hastened because of various facilities for the international travelers such as Visa on Arrival, growth of Low Cost Carriers, modernization and expansion of airports etc. At the same time, challenges for the Border Control Agencies such as Customs and Immigration have increased manifold due to threats posed by international terrorism, use of fake or forged travel documents by criminals, increase in Serious Transnational Crimes including smuggling. India continues to remain a target for terrorist attacks and prone to smuggling of commodities such as gold, fake Indian currency notes, narcotic drugs & psychotropic substances etc.

9.14.11.2. To deal with these challenges, Indian Customs has developed the Advance Passenger Information System (APIS). This application helps in profiling of international passengers so that the clearance of the bona-fide passengers can be facilitated and suspect persons can be identified for suitable action. The application has been implemented at all major international airports in the country and has proved to be of immense help to the Customs Authorities in detecting cases of smuggling. It has emerged as an important tool to safeguard the economic frontiers of the country and to protect national security.

9.15. DIRECTORATE GENERAL OF PERFORMANCE MANAGEMENT (DGPM)

9.15.1. Introduction

Vide office Order No. 3/Ad.IV/2015 dated vide F. No. 11013/21/2015-Ad.IV dated 13th August 2015, the Directorate General of Inspection (Customs & Central Excise) was renamed as "Directorate General of Performance Management (Customs, Central Excise & Service Tax)".

9.15.2. Performance Highlights and Achievement of DGPM

9.15.2.1. Analysis of Part V of Monthly Performance Report (MPR)

9.15.2.1.1. As per the Board's instructions issued under F. No. 296/236/2014-CX.9 (Pt.II) dated 17.09.2015 and Member's DOF No. 296/236/2014-CX.9 dated 24.12.2014, the Directorate General of Performance Management (DGPM) is the Functional Owner of the reports prescribed under Part V of the MIS Monthly Performance Report

(MPR) of Customs, Central Excise & Service Tax. The monthly reports in Part V in the three streams of Central Excise, Customs & Service Tax are downloaded from MIS web-based utility, compiled and analyzed.

9.15.2.1.2. The Monthly Performance Report for Central Excise covers Key Areas viz. Adjudication, Call Book, Provisional Assessments, Refund-Rebate & Bank Guarantee. Monthly Performance Report for Customs covers all the Key Areas in Customs viz. Adjudication, Call Book, Provisional Assessments, Refund Bank Guarantee, monitoring of Bonds, Drawback, Monitoring of fulfillment of Export Obligation-EPCG & AA/DFIA. Monthly Performance Report for Service Tax covers all the Key Areas in Service Tax viz. Adjudication Cases, Major Adjudication, Call Book, Provisional Assessments & Refunds. The reports are compiled on the basis of the data of all the Zones and DG-CEI/DRI and every month a note containing our analysis and comments on the performance of various Zones on the above mentioned Key Areas is sent to the Member (Central Excise)/(Customs)/(Service Tax) & Commissioner (Coordination). A copy is also marked to the Chairman. The analysis indicates top 5 Zones showing highest pendency in each of the Key Area.

9.15.2.2. Monitoring of Key Areas of Performance

To monitor the performance of the Zones in key areas, DGPM has been writing Demi Official letters to each of the Zonal Chief Commissioners personally, exhorting them to personally supervise the areas where their Zones are lagging in performance viz:-

9.15.2.2.1. Central Excise

To highlight the pendencies in Adjudication, Call Book and Refund-Rebates, demi official letters were written to all Zonal Chief Commissioners during the month of January, July, September & December 2015

9.15.2.2.2. Customs

To highlight the pendencies in Adjudication, Call Book and Provisional Assessments, demi official letters were written to all Zonal Chief Commissioners during the month of July & September 2015.

9.15.2.2.3. Service Tax

To highlight the pendencies in Adjudication, demi official letters were written to all Zonal Chief Commissioners during the month of December 2015.

9.15.2.3. Inspection of field formations

9.15.2.3.1. The DGPM is tasked with inspection of field Commissionerate to ensure that the field offices are working as per Board's policy guidelines. This is ensured through a periodic review of Commissionerate records, making an assessment of how the formation is performing and issuing inspection note highlighting the specific shortcomings with observed trends, if any. A copy of the

inspection report is also sent to the zonal Chief Commissioner. The field Commissionerate is required to send its compliance to ensure that the shortcomings are removed in a time bound manner.

9.15.2.3.2. Board has revised the norms of frequency for inspection of field formation Central Excise, Customs and Service Tax vide BMB No. 32/ 2010 dated 12.5.10. As per the new norms, DGPM is to inspect the Commissionerate headquarter once in three years. Additional inspections would be based on careful profiling of the risk parameters. Each Commissionerate shall be inspected each year by either DGPM or jurisdictional Chief Commissioners. For this DGPM shall form annual inspection plan allocating Commissionerates for inspection to DGCCI or Chief Commissioner. Accordingly an annual plan is prepared for the year.

9.15.3. Central Excise & Service Tax

9.15.3.1. As per approved annual action plan for the year 2015-16, 50 Central Excise Commissionerates have been scheduled for inspection by DGPM (H.Q and its Regional Units). The remaining 96 Central Excise formations have been allocated to jurisdictional Chief Commissioners.

9.15.3.2. At all India level there are 119 Central Excise and 22 Service Tax Commissionerates and 05 Large Tax Units which need to be inspected during the current financial year 2015-16.

9.15.3.3. Chart Showing Numbers of Inspection allotted and conducted:

Formation	Allotted (2015-16)	Conducted (Up to December 2015)
CX		
CX HQ	08	5
NRU	07	4
SRU	09	8
ERU	10	8
CRU	06	5
WRU	10	9
Jurisdictional C.C	96	12*
Total	146	51

* 12 Central Excise & Service Tax Commissionerates have been inspected as per the information received from jurisdictional Chief Commissioners

9.15.4. Customs Section:

As per approved annual Customs action plan for the year 2015-16, 30 Customs Commissionerates have been scheduled for inspection by Headquarters and its Regional Units, The remaining 29 Customs formations have been allocated to jurisdictional Chief Commissioners for inspection.

9.15.4.1. Chart Showing Numbers of Inspection allotted and conducted:

Formation	Allotted (2015-16)	Conducted (Upto December 2015)
Customs		
Customs, HQ	11	6
NRU	03	3
ERU	04	4
CRU	03	2
SRU	04	3
WRU	05	3
Jurisdictional C.C	29	7*
Total	30	21

* 7 Customs Commissionerates have been inspected as per the information received from jurisdictional Chief Commissioners

9.15.5. Implementation of official language policy

As per the letter No. A-11019/34/2001-AdIV (Pt) dated 02.08.2005 issued Ad. IV Section, Department of Revenue, DGPM is required to function as the nodal agency of Central Board of Excise and Customs for implementing various works relating to Hindi (Rajbhasha) in the field formations and to coordinate with Grih Mantralya (Rajbhasha vibhag). These directions have been approved by the Chairman (CBEC).

9.15.5.1. In the year 2015-16 (From 01/04/2015 to 31/12/2015) the following major work for promotion of the Official Language was undertaken:-

- 100 inspections of different field formations with respect to implementation of Official Language policy during the year are proposed 14 inspection out of these have been conducted and remaining 86 inspections have to be conducted.
- Translation of Customs House Agent Model paper/ Recruitment Rules of IRS in Hindi.
- Translation of various materials in Hindi.
- Hindi week was celebrated and various competitions were held.
- Workshops on Unicode were conducted in DGPM.
- Official Language Implementation Committee meetings were organized in DGPM.
- Incentive scheme regarding Official Language was implemented.
- Ministry's requisition with regard to Official Language was fulfilled.

- Correspondences with diverse offices were made.
- Periodic reports received from Commissionerates and Directorates were reviewed, consolidated and forwarded to Official Language section of Revenue Department.
- Quarterly Progress Report of DGPM was prepared and forwarded to Ministry.
- Orders & instructions received from Official Language section of Revenue Department were circulated amongst the field formations.
- Eight meetings of Hon'ble Parliamentary Committee on Official Language were coordinated and attended. Full help was given in preparation of questionnaire.

9.15.5.2. Implementation Plan for the year 2015-16

- Official language inspections of the offices under CBEC are proposed to be conducted as per the Annual Targets 2015-16 of Department of Official Language, Ministry of Home Affairs.
- Participation in forthcoming meetings of Hon'ble Parliamentary Committee on Official Language.
- Hindi workshops will be conducted.
- Official Language Implementation Committee meetings will be organized as per the Annual Targets of Department of Official Language.
- Hindi week/Hindi fortnight will be organized.
- Periodical review of Quarterly progress report on Official Language received from Commissionerates and Directorates will be done.
- Apart from these all types of works related to Nodal agency of CBEC for Official Language will be performed.

9.15.6. Process and Sanction refund to Government of Bhutan

Government of India has been annually paying refund of excise duties collected on goods exported from India to Bhutan. On reference from MEA, exercise to work out approximate refund amount is undertaken by DGPM. The documents regarding claim of refund from Bhutan are sent from MEA to the Board which in turn are sent to DGPM.

Year (Jan - Dec)	Amount of refund (in Rs.)
Amount claimed for the year	211,47,44,934
Amount Finalized	194,39,89,477

9.15.7. Conduct of examination for issuance of license to Customs Brokers (CB)

9.15.7.1. Customs Brokers examination at all India level is being conducted by the DGPM in terms of Customs Brokers Licensing Regulations, 2013 issued vide notification no. 65/2013-Customs (N.T) dated 21.06.2013. The examination consists of two parts, written examination & oral examination. The written examination is conducted on all India level. The successful candidates are called for oral examination, being held at 5 zonal levels. The mark sheet is prepared at DGPM Hqrs. at Delhi compiling the marks of written and oral examination received. Thereafter, the same are sent to the jurisdictional Commissionerates for declaration of result at their end.

9.15.7.2. In 2015, written examination under Customs Brokers Licensing Regulation, 2013 was conducted on 28.01.2015 throughout India wherein 967 candidates appeared. The oral examination was conducted during 16th September to 1st October, 2015 wherein 573 candidates appeared. The mark sheets for the examination were communicated to the concerned Custom Houses/Commissionerates accordingly.

9.15.7.3. To conduct the CBLR examination for the year 2016, an advertisement was published in different Newspapers at all India level in the month of May, 2015. The next written examination is scheduled for 28.01.2016.

9.15.8. Implementation of Authorized Economic Operator (AEO) programme in CBEC

9.15.8.1. The Indian AEO programme has been launched by the CBEC with issue of the Circular No.37/2011, dated 23.08.2011 and DGPM has been designated as the Nodal Office for implementation of the AEO Programme. ADG (DGPM) HQ Delhi is the programme implementation Manager. The full fledged AEO Programme was roll out by CBEC vide Circular No. 28/2012, dated 16.11.2012.

9.15.8.2. In the pilot project of Indian AEO programme, 3 entities were certified with AEO certificate. After fully fledged roll out of AEO programme, 28 entities have been certified with AEO Certificate with validity for 5 years.

9.15.8.3. A total 78 applications have been received for grant of AEO certificate from inception of the programme till 15.12.2015. 31 applicants have been awarded with AEO certificate and 35 applications have been withdrawn/ returned/ rejected. Further, rest 12 applications are at different stage of document verification/onsite validation at AEO Centers at Regional Units as well as Headquarters.

9.15.8.4. Summary of these 78 applications are as under:

1.	AEO Status Granted	31
2.	AEO Applications which are under process:	
	➤ Applications where Precertification audit is underway	04
	➤ Applications which are at scrutiny stage/ incomplete and complete application is awaited	08
3.	Application withdrawn/ returned/ rejected:	35
	Total	78

9.15.9. Mutual Recognition Arrangements/ Agreements (MRA)

- MRA between India and Korea has been signed in October, 2015
- Exercise for signing of MRA between Indian and USA & India and Taiwan are under process.
- China, Australia & Turkey have shown their interest for signing MRA with India.

9.15.10. Results of Framework Document (RFD) formulation and monitoring

9.15.10.1 DGPM is responsible for preparation of RFD for CBEC annually and compiling the results under it. A Results-Framework Document (RFD) is a document, each department in Government of India is required to prepare, under the "Performance Monitoring and Evaluation System (PMES)" for Government Departments.

9.15.10.2 Through preparation of RFD and monitoring the implementation of the same, DGPM assists the CBEC in performance monitoring and evaluation of the department by giving an RFD score out of 100. CBEC has scored 74.2, 54.8 and 39.1 in 2012-13, 2013-14 and 2014-15 respectively.

9.15.10.3 RFD for the year 2015-16 has been prepared by DGPM after conducting a detailed analysis of the results achieved under the RFD targets in the previous year and usefulness of RFD success indicators in the current scenario. DGPM has also consulted various directorates while preparing the RFD and has ensured alignment of the RFD with the Monthly Performance Report (MPR) in order to avoid multiplicity of reports. It has been attempted to capture the overall performance of the CBEC by including objective and measurable

parameters. The RFD for 2015-16 prepared by DGPM is has been approved by CBEC. The same has been uploaded on the CBEC website and circulated to the field formations for implementation.

9.16. Publicity

9.16.1. Introduction

The Directorate of Publicity and Public Relations (DPPR) is an attached office under the Central Board of Excise & Customs. In terms of the Board's Order No. 02/Ad.IV/2015 dated 27.8.2015, the Directorate has become a part of recently created Directorate General of Taxpayer Services (DGTS), however it continues to be a separate budgetary authority till 31st March, 2016. The mandate of DGTS enclosed as Annexure I. The Directorate General is entrusted with the task of coordinating taxpayer services and publicity & publication requirements of the Central Board of Excise & Customs. The Directorate has its headquarters at New Delhi.

9.16.2. Performance and Achievements

9.16.2.1. The Directorate undertook massive multi-media campaigns in English, Hindi and major regional languages with objective of creating & enhancing awareness on important legal and procedural provisions & facilitative measures with the objective of taxpayers' education and to inculcate culture of voluntary compliance among taxpayers. Matters relating to Service Tax received special focus.

9.16.2.2. Publicity campaign have highlighted the role of the Department as a facilitator and to foster an atmosphere of mutual between the assesseees and the department while underscoring the importance of Indirect taxes in national building. Essential procedural information especially simplified and transparent compliance measures with emphasis on 24x7 online filing of returns and duty payment were communicated to the taxpayers. The Directorate adopted mixed media plan to reach the wide and varied target groups i.e. print media (newspapers, magazines), electronic media (TV); Outdoor/Misc. Media (Websites, Bus Shelters, Hoardings/ Unipoles/ Bridge Panels, Kiosks, Street Furniture, Metro Properties, Buses, 3600 LED Screens at Out-Of-Home media at locations viz. Airline Coaches, Restaurants, Hotels, Gyms, Clubs etc. on a pan-India basis, keeping the needs of taxpayers in mind.

9.16.2.3. Some of the topics covered in the advertisements are: Ombudsman Scheme; Grievance Redressal; Vigilance Awareness Week, 2015; warnings concerning illegally imported firecrackers; joint message from CBEC & IMA, represented by Padma Shri & Padma Vibhushan Awardee Doctors, to encourage tax compliance etc. Flagship schemes of the Government like 'Beti Bachao, Beti Padhao', 'Swachh Bharat' 'Make in India'

and 'PM Kaushal Vikas Yojana' were appropriately used in consonance with the campaigns undertaken by the Department.

9.16.2.3.1. In electronic media, 'CX-Hariharan' & 'ST-Hariharan' 30-sec TVCs in Hindi on Central Excise & Service Taxtelecast on major channels with a scroller on last date of payment of Central Excise & Service Tax (31.3.2015), during March; 'Independence Day', 20-sec TVC produced by Directorate, exhorting taxpayers to pay their service tax for nation's development, telecast on major Hindi & English News Channels; 'Pay Your Service Tax' a new 40-sec TVC (in vernacular) placed for major vernacular channels. 4 TVCs, all 30-Sec on Service Tax, 'Mary Kom-Pay your Service Tax', 'Sushil Kumar-Pay your Service Tax' (Hindi), 'Akshay Kumar-Pay your taxes' (Hindi) and 'Service tax - Turnover 10 lac' (Hindi & English), urging taxpayers to pay their service tax for nation's development were telecast in major Hindi, English & Vernacular news channels and DD National, DD News & Lok Sabha TV during the third quarter of 2015-16.

9.16.2.3.2. Among external communication initiatives, 2 Standees on the role of Indian Customs as Sentinels of Nation's Economy and on non-Revenue functions of Customs as Sentinel of Nation's Environment were produced and sent for display at Airports, Customs Houses and other places across the country.

9.16.3. CBEC Pavilion at IITF-2015

9.16.3.1. The Directorate set up 'CBEC Pavilion' at IITF-2015, New Delhi (14th-27th November, 2015). The Pavilion formed part of department's initiatives to bring its objectives, policy & procedures and transparent & efficient functioning in the public domain with the aim to promote culture of voluntary compliance among taxpayers. Information on various matters on Customs, Central Excise and Service Tax was displayed through panels, translates, blowups & digital screens displaying departmental films/audio-visuals. Helpdesks manned by departmental officers were set up to address the queries of trade & public. Updated booklets on various topics were made available for distribution to visitors. TVCs, some featuring celebrities e.g. Mary Kom and Sushil Kumar, Cinestar Akshay Kumar, Singer Hariharan and Maestro Amjad Ali Khan, were strategically used to motivate the visitors to comply with tax laws. Rounds of painting competitions for kids, quiz contests, magic shows & interactive sessions were held through the fair period. Attractive gifts embossed with departmental logo were given to winners & participants. The Pavilion drew huge response and was quite successful in promoting public awareness about the role and working of the department.

9.16.3.2. Projections for the period January, 2016 to March, 2016

The Directorate will continue multi-media campaigns on various legal and procedural matters and measures taken for improving ease of doing business relating to Indirect taxes, apart from campaigns to be undertaken under the directions of the Board/Ministry and in respect of important budgetary changes for taxpayer's information. Print advertisements are to be placed on the occasion of International Customs Day (26.1.2016) and Central Excise Day (24.2.2016); last date for deposit of Central Excise Duty and Service Tax and other topical issues. New/updated editions of departmental publications/manuals etc. would be brought out.

9.16.4. e-Helpline

The Directorate re-energized helplines at the zonal levels with the objective of improving taxpayer services.

9.16.5. Citizens' Charter

In keeping with the statement in Citizens' Charter as well as Sevottam Scheme that revision should be carried out every two years, the process of revising the Citizens' Charter has been initiated through consultation with various stakeholders.

9.16.6. Taxpayer Service Centres

One of the mandates of DGTS has been to set up Taxpayer Service Centres in all Commissionerates. Vigorous follow-up has ensured setting up of Taxpayer Services Centres in the Commissionerates of Customs, Central Excise & Service Tax.

9.16.7. Public Grievance Officers

Public Grievance Officers have been designated in all the Commissionerates across the country and the details have been made available on the CBEC website. The Citizens' Charter provides for an appeal to the superior officer in the event of unsatisfactory response from the Public Grievance Officer. Accordingly, contact details of the superior officer have also been posted on the website for the benefit of taxpayers.

9.16.8. Open House Seminars

The Directorate coordinated the holding of Open House seminars jointly with trade & industry bodies across the country to discuss, inter alia, GST and Taxpayer Services. These sessions were attended by the senior officers of the department.

9.18.9. Notifications: Latest Notifications are being made available on the website.

9.16.10. Publications

The Directorate brought out following publications at the behest of Central Board of Excise & Customs and other formations:

9.16.10.1. Taxpayer Information Publications

Duty Drawback Schedule 2014-15; Guide for Travellers; Reward Scheme for Informers; Green Customs; Advance Ruling Scheme; Convenience @ ACES; ICEGATE; Appellate Procedures in Customs, Central Excise & Service Tax; Duty Drawback Schedule, 2015-16

9.16.10.2. Departmental Publications

Civil List, 2015; Minutes of the Conference of CCs & DGs on Customs Tariff and Allied Matters, October, 2014, Goa Minutes (CBEC); Departmental Wall Calendar, 2015; Departmental Desktop Calendar, 2015-16; Indian Customs Declaration Forms (ICDF); Sanctioned/Working Strength & Vacancy Position in different cadres under CBEC (1.1.2015); ECS Law Reporter, Vol. 3, No. 4, 2014; ECS Law Reporter, Vol. 4, No. 1, 2015; Sampark, 2015; Mini Sampark, 2015; Mini Sampark, 2015 Hindi, ICE Magazine, January & April, 2015; Central Excise & Service Tax Audit Manual, 2015; Posters and banners on Vigilance Awareness Week, 2015; Brief of the CCs & DGs Conference, August, 2015, New Delhi; Profiles of Select Services; Customs Manual, 2015; Departmental Calendar 2016, Sampark-2016.

9.17. Grievance Redressal Mechanism

Details of Grievance Redressal Mechanism and CPGRAMS in CBEC are as follows:

9.17.1. Regional Advisory Committee Meetings (RAC)

The assesseees through their trade representatives can raise their submissions, involving policy issues in the Regional Advisory Committee Meetings which is headed by the Chief Commissioner of the zone. This committee meets once in three months. The associations of the trade and commerce are members in this committee.

9.17.2. Public Grievance Committee (PGC): A system of Public Grievance Committee (PGC) exists in the Commissionerates. These committees generally meet once a month and take up specific issues pertaining to delays or other matters of general interest. These committees are chaired by the concerned Commissioners and have representatives from various local trade organizations as also representative of other government departments.

9.17.3. Watch Dog Committee: In Customs formations, a Watchdog Committee has been constituted under the chairmanship of the Chief Commissioner of Customs, which meets once in two months. Leading association of trade and industry and other agencies that interact with Customs are included in this Committee alongwith the senior officers of Customs to ensure meaningful dialogue. This Committee takes note of various procedural delays or problems in general being faced in Customs clearance

of export/import cargo or grant of various incentives. Feedback from trade and industry is used for necessary review of procedures and taking measures to remove the difficulties of importers/exporters.

9.17.4. Grievance redressal and facilitation measures for passengers:

At international airports, more than 90% of the passengers who have nothing to declare walk through the Green Channel without interaction with Customs. Even otherwise, the Air Customs Officers have been sensitized to show due courtesy and exemplary conduct towards all passengers. However, in case any passenger still has a grievance there are a number of illuminated boards installed by Customs in the arrival/departure halls and in the immigration area advising them to approach the PRO (Customs) for help. Senior officers of the rank of Assistant/Deputy Commissioners of Customs are also available round the clock and can be directly approached by passengers for redressal of their grievances.

9.17.5. Functioning of Grievances Redressal Mechanism in Customs:

9.17.6. Regular meetings of Public Grievances Committee (PGC) are being conducted at Commissionerate level. Each Commissionerate has appointed a Public Grievance Officer (PGO) as Nodal Officer for Grievance Redressal.

- a) Importers / exporters can get the solutions of their grievances by using CPGRAMS, an online utility, where they can submit their complaint / grievance which is monitored by Commissioner.
- b) Permanent Trade Facilitation Committee (PTFCs) are to be held regularly with minimum of one meeting each per month on a pre-decided date in each commissionerate.
- c) Customs Consultative Group (CCG) was constituted as a trade facilitation measure in Dec., 2009, with objectives to discuss the issues related to policy as well as procedural aspects on the Customs side which hinder the import/export operation of the Trade and Industry as General. Trade association of national levels who are members of this CCG are as follows;
 - i. Federation of Indian Chambers of Commerce and Industry (FCCI).
 - ii. Federation of Indian Export Organization (FIEO).
 - iii. Confederation Indian Industry (CII).
 - iv. Associated Chamber of Commerce and Industry of India (ASSOCHAM).
 - v. Federation of Freight Forwarders' Associations in India (FFFAI).

- vi. Airport Authority of India (AAI).
- vii. PHD Chamber of Commerce & Industry (PHDCCI).
- viii. Container Corporation of India Ltd (CONCOR).
- ix. Indian Ports Association (IPA).
- x. Indian Bank Association (IBA).
- xi. Brihanmumbai Customs House Agents Associations (BCHAA).
- xii. National Association of Container Freight Stations (NACFS)

9.17.6. CPGRAMS

9.17.6.1. Further, Department of Administrative Reforms and Public Grievances (DARPG) has introduced the Centralized Public Grievance Redress Mechanism (CPGRAMS) in all Ministries/ Departments/ Organizations of Government of India. The implementation of the CPGRAMS is one of the main components of SEVOTTAM - Service delivery Excellence System, others being Citizens Charter and Service Delivery Capability.

9.17.6.2. CPGRAMS in the CBEC has been adopted on 6th May, 2009 after careful review of existing grievance redress mechanism. CPGRAMS allows in-built benefit of improving grievance redress whenever a new version is released by DARPG. CPGRAMS has improved accessibility to the taxpayer. A taxpayer could redress one's grievance concerning any of the field offices through a common online portal. Public Grievance Officers at the field offices have also been appointed in each of the field Zones to look into the tax payer grievances. The CBEC is now positioned with a sustainable platform to continuously improve the taxpayer services.

9.17.6.3. Grievances on the portal of CPGRAMS are received through President's Secretariat (PRSEC), DARPG (Department of Administrative Reforms and Public Grievances), DORVU (Department of Revenue) and directly from the complainant also.

9.17.6.4. The Centralized Pension Grievance Redress and Monitoring System (CPENGRAMS) disseminates information on pension and retirement related matters and provides online mechanism for pensioners' under the monitoring of Department of Pension and Pensioners' Welfare (DOPPW in short) since March, 2007. The highlights of the CBEC grievance redressal are:

- Online lodging of grievance on the Public Grievance Portal (www.pgportal.gov.in). A link to this is given through CBEC website and CBEC subordinate offices websites.
- Generation of unique registration number for each grievance for further reference.

- Acknowledgement by email, if e-mail is indicated.
- Grievances received directly by the Nodal Officer at CBEC level.
- Any citizen can track the status of his lodged grievance
- Visibility on action taken including final reply by CBEC.

9.17.6.5. Commissioner (Coordination), CBEC has been appointed as a nodal officer of CPGRAMS for public grievance in CBEC. Joint Secretary (Admn.) was appointed as nodal officer of Centralized Pensioners Grievance Redress And Monitoring System (CPENGRAMS) which is an independent system of CBEC. However, w.e.f. November, 2011, Commissioner, (Coordination) is the nodal officer for CPENGRAMS also.

9.17.6.6. 73 subordinate offices at the level of Chief Commissioners /Director Generals/Joint Secretaries/ Commissioners in CBEC and Commissioner level officers holding independent charges of Directorates under the Public Grievance portal are working presently. Subordinate offices have been allowed to create second level subordinate offices at the level of Commissioner for speedy disposal of grievances.

9.17.6.7. Redressal of Grievances during 2015

CBEC generally receives grievances on issues, such as, delay in clearance of consignment, higher rate of duty calculation, non-availability of staff, behavior and attitude of staff, grievances related to promotion and transfer and pension related problems. There is a specific Cell in the Board for coordinating the redress and monitoring of grievances received centrally. The grievance received online are being forwarded under the web based Centralized Public grievance redress and Monitoring System (CPGRAMS), which are redressed by the 73 subordinate offices at the level of Chief Commissioners of customs, Excise and service Tax, Director Generals and policy and Administrative wings of Central Board of Excise & Customs. During the year 2015, out of 8383 grievances, 7519 were redressed which shows over 90% disposal.

9.18. Gender Issues/ Empowerment of Women and girl child

9.18.1. A Committee has been constituted in each Commissionerate/ Directorate on the recommendations of Hon'ble Supreme Court and the National Commission for Women, to look after the complaints of women employees regarding sexual harassment.

9.18.2. The Directorate General of Human Resource Development has also taken specific initiatives for welfare of women.

9.18.3. The amount granted as ex-gratia financial assistance to the widows/dependents of the Departmental officials (in case of death during anti-evasion/anti-smuggling/anti-narcotics operations or death in harness) has been enhanced w.e.f 03.10.2012. During the financial year 2015-16, an amount of Rs.1,15,50,000/- was sanctioned in 63 cases as ex-gratia financial assistance to the wives/dependents of the employees who died while in service.

9.18.4. In Cash Award scheme, the eligibility criterion for the girl child has been relaxed since the year 2007-08 wherein they require marks 5% lower than boys for grant of Cash Awards. The amount of Cash Award granted to girls is Rs.1,000/- more than the boys. During the financial year 2015-16, out of total 504 Cash Awards granted, 281 Cash Awards involving an amount of Rs. 16,86,000/- were granted to the girl children.

9.18.5. Under the revised Scholarship Scheme, eligibility criterion has been relaxed since the year 2006-07 for the girl child in terms of the rank they obtain in the Entrance Test/Examination. During the current financial year 2015-16, out of total of 642 Scholarships granted, 309 scholarships involving an amount of Rs. 60,16,192/- were granted to the girl children.

9.19. Activities undertaken for Disability Sector, SCs & STs and Other Weaker Section of Society

9.19.1. The policy of reservations for SCs/STs/OBCs and disabled persons in Government employment, in direct recruitment and promotion, has been followed in letter and spirit. The matters concerning representation of SCs/STs/OBCs and Persons with Disabilities in CBEC are attended on priority and their grievances are redressed. Two statements showing representation of Scheduled Caste, Scheduled Tribes and other Backward Castes and representation of the persons with disabilities, as on 1 January, 2015 in CBEC, are given in Annexure I & II.

9.19.2. Cash Award Scheme: the meritorious children of departmental officials are given Cash Awards on the basis of their performance in Board Examinations of class 10th & 12th. Under that scheme, the eligibility criterion has been relaxed for SC/ST/OBC categories. The eligibility criterion has been relaxed by 10% for SC/ST category and 6% for OBC category.

9.19.3. During the current financial year 2015-16, out of 504 total Cash Awards granted, 177 Cash Awards involving an amount of Rs. 9,72,000/- have been granted to the children of Department officials belonging to SC/ST/OBC categories.

9.19.4. Scholarship Scheme: A scholarship scheme is in operation in which scholarship to the children of officers/staffs of the Department are granted for pursuing under graduate professional courses. Under Scholarship

Scheme, the eligibility criterion has been relaxed for the children of Departmental officers/staff belonging to SCs/STs/OBCs categories, i.e they are eligible for grant of scholarship irrespective of ranks once they secure admission on the basis of common entrance test.

9.19.5. Scholarships are also granted to the children of the Departmental officials where admissions have been secured by them on the basis of the percentage secured in the 12th exams. The eligibility criterion has been relaxed for the children belonging to the SC/ST/OBC categories, wherein the SC/ST category candidates require 10% lower, and that of OBC category 6% lower, than the percentage required for general category for grant of scholarships.

9.19.6. During the financial year 2015-16, out of total 642 scholarships granted, 256 scholarships involving an amount of Rs. 52,08,290/- have been granted to the children of Departmental officials belonging to SC/ST/OBC categories.

9.20. Sevottam Implementation in CBEC

9.20.1. As a part of the Central Government initiative to improve the quality of public services, the Central Board of Excise & Customs (CBEC) has been identified as one of the organizations with large citizens interface to implement the quality management system for public services. This is based on Indian standard IS 15700:2005, prepared by the Bureau of Indian Standards (BIS), under the name "SEVOTTAM".

9.20.2. An 'Implementation Committee', was set up in August, 2007 by the Board (CBEC) with the Director General of Inspection (DGI) as its Chairman, to carry out the task of 'Sevottam' implementation. A consultant was also nominated for CBEC in this matter by the Department of Administrative Reforms & Public Grievances (DARPG).

9.20.3. The Citizens' Charter, revised in terms of the requirements of IS 15700:2005 (Quality Management Systems - Requirements for Service Quality by Public Service Organizations) was prepared by the Implementation Committee and issued on 1st December, 2008 after approval of the Board. The service organizations

are also required to establish a documented procedure for complaints handling process. After detailed deliberations, CBEC has adopted the Centralized Public Grievance Redress and Monitoring (CPGRAM) Systems in May, 2009.

9.20.4. Improvements in the delivery infrastructure to meet promises made in Citizens' Charter has been identified as sine qua non to sustain services. CBEC has decided to do it in phases. Accordingly in Phase-I, four formations i.e. Central Excise Commissionerate, Delhi-I, Customs Commissionerate (I&G), Delhi, Service Tax Commissionerate, Delhi & Directorate General of Inspection as Apex Office, were identified by the Core Group/ Implementation Committee in its meeting held on 16th June, 2009 as Pilot Commissionerates for implementation of Sevottam. A Service Quality Manual (SQM) was approved by CBEC for replicating capability in all the field formations. After Internal assessment of service delivery with timenorms at all the Pilot Commissionerate, the BIS has awarded the Pilot Commissionerates Sevottam Certificate License No. CRO/SQSC/L-8000035 as per IS 15700:2005 on 4th November, 2010.

9.20.5. Present Status

At present 46 Commissionerates (including DGICCE now DGPM) are Sevottam certified with 23 more at BIS audit stage for Sevottam certification.

9.20.6. Next Steps

9.20.6.1. DGICCE (now DGPM) was monitoring the progress of Sevottam roll out in Commissionerates and taking up the issue with BIS for early audits and issuance of certificates to Commissionerate(s), who had already applied to BIS. Vide Boards Order No. 02/Ad.IV/2015 dated 27.08.2015 the task of Sevottam has been assigned to Directorate General of Taxpayers Services (DGTS), since then the work of Sevottam roll out is being monitored by the DGTS.

9.20.6.2. The overall position as on 31.12.2015 is as under:

Sl. No.	Phase	Allotted by CBEC	No. of Committee after cadre re-structuring	Central Excise	Customs	Service Tax	Certified	Committee applied for BIS certification
1.	Phase-I	5 (DGICCE +4)	4	2	1	1	5	-
2.	Phase-II	20	17	9	8	-	13	3
3.	Phase-III	47	44	29	9	6	22	7
4.	Phase-IV	63	59	47	12	-	5	5
5.	Phase-V	79	77	32	30	15	1	8
	Total	214	201	119	60	22	46	23

10. Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

10.1. Functions/ working of the Organization

10.1.1. The Customs, Excise & Service Tax Appellate Tribunal (earlier Customs Excise & Gold (Control) Appellate Tribunal) was created to provide an independent forum to hear the appeals against orders and decisions passed by the Commissioners of Customs & Excise under the Customs Act, 1962, Central Excise Act, 1944 and Gold (Control) Act, 1968. The Gold (Control) Act, 1968 has now been repealed. Presently Service Tax appeals have been included. The Tribunal is also having appellate jurisdiction in Anti dumping matters and the special bench headed by the President, CESTAT, hears the appeals against the orders passed by the designated authority in the Ministry of Commerce. The Head Quarter as well as the Principal Bench of the Tribunal is situated at Delhi and other regional benches are situated at **Mumbai, Kolkata, Chennai, Bangalore and Ahmedabad**. In order to ensure the speedy disposal of appeals and for the benefit of the litigants and the Industry of various regions, the Ministry of Finance, vide notification no. 7/2013 has notified the creation of additional six benches of Customs Excise & Service Tax Appellate Tribunal at **Chandigarh, Allahabad and Hyderabad** in addition to one each at Delhi Mumbai and Chennai. The additional benches at Allahabad, Chandigarh and Hyderabad have been set up and they started functioning w.e.f. 01.10.2015, 01.12.2015 and 14.12.2015 respectively.

10.1.2. Each bench consists of a Judicial member and a Technical Member. To expedite the disposal of small cases with financial stake involving upto Rs. 50,00,000/-[Rs. Fifty lacs], wherein no question of rate of duty or valuation issue is involved, a single member bench is also constituted. The Tribunal is the appellate authority hearing appeals arising against the order of the Commissioner of Customs, Excise, Service Tax and Commissioner (Appeals) order. An appeal against the Tribunal's order lies before the Hon'ble Supreme Court in respect of issues such as Classification, valuation etc.

10.1.3. As a result of an amendment by the Finance Act, 1995 the distinction between the special benches and other benches was done away with and now any bench of two or more members is competent to hear all the matters which were earlier being heard at Delhi except anti-dumping matters.

10.1.4. The Tribunal is headed by the Hon'ble President. There are 16 posts of Members (Judicial) and 16 posts of Members (Technical).

10.2. Highlights of the performance and achievements during the year.

10.2.1. In spite of various constraints, including several vacancies, of Members & required staff, the disposal of the appeals has not been affected. A comparative statement showing the institution and disposal of appeals is given below:

Year	Institutions		Disposal	
	Appeals	Stay	Appeal	Stay
From Jan. 2015 to Nov. 2015	14653	871	13073	5650

10.2.2. Effective steps have been taken to dispose appeals wherein high stakes are involved, by setting up of circuit benches at various centers thereby reducing the pendency of appeals. The additional benches of the Tribunal at Chandigarh, Allahabad and Hyderabad have also become functional from October/ December 2015, onwards, thereby the disposal rate can be increased and pendency of appeals will be reduced considerably.

10.2.3. Regarding development of North Eastern Region, since Tribunal is a higher judicial appellate body to hear the appeals in the matters of Customs, Excise, Service Tax and Anti-dumping and no bench of the Tribunal is situated in the north-eastern regions, hence, on the point the Tribunal has no information.

10.2.4. Facilities as stipulated by the Government of India vide its Orders/circulars issued from time to time are being extended to the disability sector & SCs/STs & other weaker sections of the society.

10.2.5. As per the O.M. No.13018/4/2009-Estt. (L) dated 08/07/2009 of DOPT, all facilities are being extended to female employees of this Tribunal. To redress the grievances of women, a complaint committee under the Chairmanship of Hon'ble Smt. Sulekha Beevi C.S., Member (J), CESTAT, has been constituted.

10.2.6. The website of the Tribunal was launched in August 2003 and now the cause lists and orders of the Tribunal are being displayed on it. Important judgments are being highlighted specially in separate ICON. Efforts are being made to streamline all the benches of the

Tribunal. As for developments which have taken place in the current financial year are like timely updating of judgments and cause list and other information on day to day basis. Apart from this, the reply to the RTI applications is also being uploaded in the website. To put more information in the website, this Tribunal has undertaken the task in close coordination with NIC. Some of the areas which are left for computerization in respect of this Tribunal will be sorted out in near future. In line with the DOPT O.M. No. 1/6/2011 dated 15.4.2013, steps have been taken to upload the information on the website of the Tribunal for the benefit of the public.

10.2.7. The Tribunal is trying to strictly adhere to the FRBM Act and rules and limit its expenditures to the budget allocated for the Tribunal. However, due to escalation in prices of various items/ services and sanction of additional benches, the Tribunal had some problem in restricting expenditures to the overall ceiling. However, sincere efforts are being put forward to control the budget for the coming year.

11. Customs, Central Excise & Service Tax Settlement Commission

11.1. Function & Working of the Organization

11.1.1. The Central Government have constituted the Customs & Central Excise Settlement Commission under section 32 of the Central Excise Act, 1944 vide Notification No. 40/99-CX(NT) dated 09.06.99 and 41/99-CX(NT). The Commission consists of a Principal Bench presided over by the Chairman at New Delhi and 3 Additional Benches at Chennai, Mumbai and Kolkata presided over by Vice Chairman with 2 Members in each Bench. The present sanctioned strength of the Commission is 118 Officers and staff-30 each for New Delhi, Mumbai and Kolkata and 28 for Chennai. The Commission functions in the Department of Revenue as an Attached Office of the Ministry of Finance.

11.1.2. The basic objective in setting up of the Settlement Commission is to expedite payments of Customs and Excise duties involved in disputes, by

avoiding costly and time consuming litigation process and to give an opportunity for tax payers who may have evaded payments of duty to come clean. Settlement Commission is therefore set up as an independent body, manned by experienced tax officers of "integrity and outstanding ability", capable of inspiring confidence in the Trade and Industry and entrusted with the responsibility of defining and safeguarding "Revenue Interest."

11.1.3. Settlement Commission has thus given an opportunity for providing a channel for expeditious settlement of tax disputes under the Customs & Central Excise laws in a spirit of conciliation, rather than prolonging them through adversarial attitude. Any assessee, importer or exporter desirous of settling a tax dispute by the Settlement Commission has to invoke the jurisdiction of the Settlement Commission voluntarily, making full and true disclosure of the duty liability accepted by him and in turn for the same, the Settlement Commission is vested with the powers to grant him immunity either fully or partially from penalty and fine under the provisions of the Central Excise Act, 1944 and the Customs Act 1962 and immunity from prosecution under the provisions of above Acts.

11.1.4. By the Finance Act, 2007, drastic amendments were made in the provisions relating to settlement under the Central Excise Act, 1944 and the Customs Act, 1962. This has considerably reduced the scope of the cases in which the assessee, importers and exporters can seek the Settlement of the disputes. However, these amendments were reversed in the Budget, 2010, whereby the Settlement Commission was once again allowed to settle cases involving clandestine removable in Central Excise and in respect of those cases of Customs where goods had not been mentioned in bill of entry. Further, the disputes related to Service Tax are also added to the jurisdiction of Settlement Commission. This has resulted in increase in number of applications being filed in this Commission Seeking settlement.

11.1.5. Highlights of the Performance and achievements of the Commission during the Year is given below

No. of applications received from April to Dec. 2015	No. of applications disposed from April to Dec. 2015	Duty Settled (Rs. in crores) from April to Dec. 2015
888	966	539.29

Year-Wise Performance/achievements of the Settlement Commission:-

Year	No. of Applications Received	Disposal		
		No. of Applications Rejected	No. of Application Settled	Duty settled (Rs. in Crores)
1999-2000	3	1		
2000-01	327	28	146	21.28
2001-02	559	63	153	26.64
20002-03	656	105	365	187.51
2003-04	753	141	431	114.04
2004-05	1273	205	1143	181.25
2005-06	1587	283	1207	129.09
2006-07	1960	219	1434	239.02
2007-08	1596	369	2274	507.92
2008-09	857	124	569	125.43
2009-10	723	68	599	67.36
2010-11	885	103	770	114.33
2011-12	959	247	702	462.48
2012-13	1610	74	934	198.06
2013-14	1623	156	1680	482.99
2014-15	1525	353	1469	743.32
2015-16 (up to Dec, 15)	888	129	837	539.29
Total	17784	2668	14713	4140.01

12. Authority of Advance Rulings (Central Excise, Customs & Services Tax)

12.1 A scheme of Advance Rulings (Central Excise, Customs & Service Tax) was incorporated in the Customs Act, 1962, the Central Excise Act, 1944 and in the Finance Act, 1994 by the Finance Acts of 1999 and 2003 to provide for issue of binding Rulings, in advance, on Customs, Central Excise and Service Tax matters. The scheme is intended to provide certainty to intending investors. Statutory changes have been brought out to expand the ambit of the Authority over a period of time.

12.2 Authority for Advance Rulings (Central Excise, Customs & Service Tax), is a high level quasi-judicial body comprising of a retired judge of the Supreme Court of India and two Members of Additional Secretary rank, who have wide experience in technical and legal matters.

12.3 Under the scheme of Advance Rulings the following categories of investors are eligible to apply for a ruling:

- a. a non-resident investor setting up a joint venture in India in collaboration with a non-resident or a resident;

- b. a resident setting up a joint venture in India in collaboration with a non- resident;
- c. a wholly owned subsidiary Indian company of which the holding company is a foreign company;
- d. a joint venture in India, that is to say a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is non-resident having substantial interest in such arrangement.
- e. A resident falling within any such class or category of persons as the Central Government may by notification in the official gazette specify in this behalf. The Central Government has specified the following categories of persons as being eligible to seek advance rulings:-
 - i. Any Public Sector Company;
 - ii. Residents proposing to import goods under the project import facility (heading 9801 of the Customs Tariff) for seeking rulings under the Customs Act, 1962;
 - iii. Residents proposing to import goods from Singapore under the Comprehensive Economic Co-operation Agreement for seeking rulings on origin of goods under the Customs Act, 1962.
 - iv. Resident Public Limited Company.
 - v. Resident Private Limited Company
 - vi. Resident Firm

12.4 The Authority became functional in the financial year 2002-03. The Customs (Advance Rulings) Rules, 2002 and Central Excise (Advance Rulings) Rules, 2002 were notified vide Notification Nos. 55/2002-Cus (N.T.) and 28/2002-Central Excise (N.T.) both dated 23.08.2002. The Service Tax (Advance Rulings) Rules were notified vide Notification No. 17/2003-S.Tax (N.T.) dated 23.07.2003. The procedure to regulate the functioning of the Authority was laid down vide Authority for Advance Rulings (Procedural) Rules, 2003 issued vide Notification No. 1/2003-AAR dated 21.03.2003. Consequent upon the expansion in the scope of advance rulings and the experience gained, these Rules were streamlined and superseded vide Authority for Advance Rulings (Central

Excise, Customs and Service Tax) Procedure Regulations, 2005 issued vide Notification No. 1/2005-AAR dated 07.01.2005

12.5 Advance rulings can be sought in respect of the following questions/issues:-

- a. Classification of goods under the Customs Tariff Act, 1975, and Central Excise Tariff Act, 1985 and taxable services under Chapter V of the Finance Act, 1994;
- b. Principles of valuation under the Customs Act, 1962, and the Central Excise Act, 1944;
- c. Valuation of taxable services for charging service tax under the Finance Act, 1994;
- d. Applicability of notifications issued under the Customs Act, 1962, Customs Tariff Act, 1975, Central Excise Act, 1944 and Central Excise Tariff Act, 1985 having a bearing on the rate of duty and notifications issued under Chapter V of the Finance Act, 1994;
- e. Admissibility of input-tax credit under Central Excise Law;
- f. Admissibility of credit of Service Tax ;
- g. Determination of origin of goods in terms of the rules notified under the Customs Tariff Act, 1975 and matter related thereto;
- h. Determination of liability to pay duties of excise on any goods under Central Excise Act, 1944;
- i. Determination of the liability to pay service tax on a taxable service under the provisions of Chapter V of the Finance Act, 1994.

12.6 The process of obtaining an advance ruling is simple, inexpensive and transparent. A fee of Rs. 2500/- has to be deposited through a Demand Draft with each application. Obtaining a ruling is highly expeditious as the Authority is statutorily required to deliver the same within 90 days of receipt of an application. Rulings are pronounced after providing an opportunity of being heard by the Authority and in pursuance of other accepted judicial norms.

12.7 Advance Rulings pronounced by Authority are binding on the departmental officers engaged in assessment of goods and services and on the applicant, and hence rule out possibilities of disputes and litigation,

subsequently. Advance Rulings are not appealable either by the department or the applicant, under the Customs, Central Excise and Service tax laws. An Advance Ruling remains valid unless there is a change in law or the facts on the basis of which the ruling was pronounced.

12.8 Advance rulings would indicate, in advance, the duty liability in respect of an 'activity', viz. 'import' or 'export' under the Customs Act, 'production' or 'manufacture' of goods under the Central Excise Act and 'taxable services' under the Service Tax law, proposed to be undertaken by an applicant. (Service Tax is administered by Central Excise officers).

12.9 Highlights of the performance and achievements during the year

For the period 01.01.2015 to 31.12.2015

	Customs	Central Excise	Service Tax	Total
Ruling	6	2	8	16
Order	9	3	11	23

12.10 Significant developments/Policy decision taken during the year

During the period, the ambit of the authority was widened and the following amendments were made as follows:

As under Notification No. 11/2015-CE (NT) dated 01.03.2015, Advance Ruling is now available to Resident firms specified as a class of persons eligible for Advance Ruling. - In exercise of the powers conferred by sub-clause (iii) of clause I of Section 23A of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby specifies "resident firm" as class of persons for the purposes of the said sub-clause. Similarly, as under Notification No. 27/2015-Cus (NT) dated 1.3.15 clause I of Section 28E of the Customs Act, 1962 (52 of 1962). As under Notification No. 9/2015-ST dated 1.3.15 clause (b) of Section 96A of the Finance Act, 1994 (32 of 1994), the Central Government hereby specifies "resident firm" as class of persons for the purposes of the said sub-clause.

Explanation - For the purposes of the above notifications:

- (a) **"Firm"** shall have the meaning assigned to it in Section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes -
- (i) The limited liability partnership as defined

For the period from 01.01.2015 to 31.12.2015, 31 (Thirty one) applications seeking advance ruling were received.

- The first application for seeking an advance ruling was received on 20.11.2002. During the period 20.11.2002 to 31.12.2015, 259 applications were received, out of which 2 applications were withdrawn by the applicant and 90 Orders and 115 Rulings (78 relating to Customs, 18 relating to Central Excise and 19 relating to Service Tax) were pronounced. From 1st January, 2015 to 31st December, 2015, following Rulings & Orders were issued under Section 28(I) of Customs Act, 1962, Section 23(D) of Central Excise Act, 1944 and section 96 D(2) of the Finance Act, 1994:

- in clause (n) of sub-section (1) of the Section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or
- (ii) Limited liability partnership which has no company as its partner; or
- (iii) The sole proprietorship; or
- (iv) One Person Company.
- (b) (i) **"Sole proprietorship"** means an individual who engages himself in an activity as defined in sub-clause (a) of Section 23A of the Central Excise Act, 1944.
- (ii) **"One person Company"** means as defined in clause (62) of Section 2 of the Companies Act, 2013 (18 of 2013).
- (c) **"Resident"** shall have the meaning assigned to it in clause (42) of Section 2 of the Income-tax Act, 1961 (43 of 1961) in so far as it applies to a resident firm.

12.11 All the Acts, Rules, Regulations, Procedures & guidelines are available on the website <http://www.cbec.gov.in/aar/aar.htm> for guidance for the users. The copy of the rulings and Orders as Permitted by the Hon'ble Chairman is also available on the Website. It is being regularly updated.

13. Central Board of Direct Taxes (CBDT)

13.1. Organization and Functions

The Central Board of Direct Taxes (CBDT), created by the Central Boards of Revenue Act 1963, is the apex body entrusted with the responsibility of administering direct tax laws in India. The CBDT consists of a Chairman and six Members, all of whom are ex-officio Special Secretaries to the Government of India, in the apex scale of pay. It is the cadre controlling authority for the Income Tax Department. In its functioning, the CBDT is assisted by the following Directorates:

- i). Principal Directorate General of Income Tax (Administration)
 - a. Directorate of Income Tax (PR, PP&OL)
 - b. Directorate of Income Tax (Recovery)
 - c. Directorate of Income Tax (Income Tax)
 - d. Directorate of Income Tax (TDS)
 - e. Directorate of Income Tax (Audit)
- ii). Principal Directorate General of Income Tax (Systems)
- iii). Principal Directorate General of Income Tax (Logistics)
 - a. Directorate of Income Tax (Expenditure Budget)
 - b. Directorate of Income Tax (Infrastructure)
 - c. Directorate of Income Tax (O&MS)
- iv). Principal Directorate General of Income Tax (Legal & Research)
- v). Principal Directorate General of Income Tax (Training)
- vi). Principal Directorate General of Income Tax (HRD)
- vii). Principal Directorate General of Income Tax (Vigilance)
- viii). Directorate General of Income Tax (Risk Assessment)

13.1.1. Various Principal Chief Commissioners of Income Tax stationed all over the country supervise collection of direct taxes and provide taxpayer services. Directors General of Income Tax (Investigation) supervise the investigation machinery, which is tasked to curb tax evasion and unearth unaccounted money. DGIT

(Intelligence and Criminal Investigation) supervises the intelligence gathering and investigation in tax related crimes. CCIT (Exemptions) supervises the work of exemption and non-profit sector across the country and Principal CCIT (International Taxation) supervises the work in the field of International Tax and Transfer Pricing. Principal Chief Commissioners of Income Tax are assisted by Chief Commissioners, Principal Commissioners and Commissioners of Income Tax and Principal Directors General/Directors General of Income Tax are assisted by Principal Directors/ Directors of Income Tax within their jurisdictions. Commissioners of Income Tax posted as CsIT (Appeals) perform appellate functions, adjudicating disputes between taxpayers and the department. The Income Tax department has its presence in 530 cities and towns across India, having a taxpayer base of around 6.86 crore as on 1.4.2015.

13.1.2. The CBDT is implementing a comprehensive computerization programme in the Income Tax Department which aims to establish a taxpayer friendly regime, increase the tax-base, improve supervision and generate more revenue for the Government. The overall endeavor is to promote voluntary compliance by taxpayers and create a non-intrusive and non-adversarial tax administration.

13.1.3. The National Academy of Direct Taxes (NADT) at Nagpur along with Regional Training Institutes at different locations functions under overall supervision of a Principal Director General of Income Tax (Training) to cater to the training needs of officers and officials.

13.1.4. The Principal Chief Controller of Accounts, CBDT with the assistance of Zonal Accounts Officers is responsible for accounting for the revenue collections as well as expenditure incurred by the Income Tax Department.

13.2. Direct Taxes Collections

CBDT is engaged in overall administration and collection of direct taxes. The performance of the Income Tax Department as a whole in various key areas is as under:

- (i) The collection of direct taxes has increased from Rs. 4,46,935 crore in FY 2010-11 to Rs. 6,95,797 crore in FY 2014-15 at an average annual growth of 13.05%. The net direct taxes collection during the current financial year i.e. 2015-16 (up to 31st January, 2016) is Rs. 5,21,853 crore. During the FY 2014-15, the share of Direct Taxes to the total Central Taxes Collection (excluding Taxes on Union territories) was 56.11%.
- (ii) The Direct Tax-GDP ratio was 5.55% in FY 2014-15.

- (iii) The cost of collection measured in terms of total administrative cost as a ratio of the revenue generated has decreased marginally from 0.60% to 0.59% in the period 2010-11 to 2014-15.
- (iv) During the FY 2014-15, the department collected Rs. 36,593 crore from arrear demand which is 9.69% higher than the collection of the previous FY. With respect to current demand, collection for FY 2014-15 was Rs. 44,857 (Provisional) crore as against Rs. 41,218 crore in FY 2013-14. Up to Oct. 2015, the Department has collected Rs. 18,361 crore (Arrear + Current).
- (v) The TDS administration has been showing impressive performance over the past few years. For FY 2014-15, total collection from TDS was Rs. 2,82,595 crore (Provisional) registering a growth of 7.83% over the previous year's collections under the same head. TDS revenues have now grown to be 35.35% of the gross total tax collections. In the current year (up to January, 2016) TDS collections stood at Rs. 2,47,573 crore which is 11.30% higher than the collections in corresponding period of previous year which stood at Rs. 2,22,436 crore.

Table: Budget Estimate and Actual Collection of Direct Taxes during the Financial Years 2012-2013, 2013-14 & 2014-15

(in Rs. Crore)

Sl. No	Taxes	FY 2012-13		FY 2013-14		FY 2014-15 #	
		Budget Estimates	Actual Collections	Budget Estimates	Actual Collections	Budget Estimates	Actual Collections#
1	Corporate Tax	4,19,520	356326	419520	394677	451005	428925
2	Personal Income Tax	2,47,639	201487	247639	242859	284266	265787
3	Wealth Tax	950	845	950	1007	950	1085
Total		6,68,109	558658	668109	638543	736221	695797

Note: * Personal Income Tax collection includes collection under Security Transaction Tax, Fringe Benefit Tax and Banking Cash Transaction Tax, etc.

Figures for the F.Y. 2014-15 are provisional.

Table: Arrear & Current Demand of Corporate Income Tax and Personal Income Tax for Financial Years 2013-2014 and 2014-2015

(in Rs. Crore)

	Head	Financial Year 2013-14	Financial Year 2014-15
A	Total Outstanding Demand	674916	827680
B	Reason wise Analysis		1
	1. Amount Not Fallen Due	99,576	27532
	2. Amount difficult to recover including, amounts stayed by I.T. Authorities, Courts etc.	552538	673032
C	Net Collectible Demand (A-B)	22802	27116

Table: Actual Collection w.r.t BE & RE

BUDGET ESTIMATES, REVISED ESTIMATES AND ACTUAL COLLECTIONS

Financial Year	Budget Estimates	Revised Estimates	Actual Collections	Growth Rate of Actual Collns. over last year	% age of Budget Estimates Achieved	% age of Revised Achieved
(in Rs. Crore)						
2000-01	72105	74467	68305	17.85%	94.73%	91.73%
2001-02	85275	73972	69198	1.31%	81.15%	93.55%
2002-03	91585	82445	83088	20.07%	90.72%	100.78%
2003-04	95714	103400	105088	26.48%	109.79%	101.63%
2004-05	139510	134194	132771	26.34%	95.17%	98.94%
2005-06	177077	170077	165216	24.44%	93.30%	97.14%
2006-07	210684	229272	230181	39.32%	109.25%	100.40%
2007-08	267490	304760	312213	35.64%	116.72%	102.45%
2008-09	365000	345000	333818	6.92%	91.46%	96.76%
2009-10	370000	387008	378063	13.25%	102.18%	97.69%
2010-11	430000	446000	446935	18.22%	103.94%	100.21%
2011-12	532651	500651	493947	10.71%	92.73%	98.66%
2012-13	570257	565835	558658	13.10%	97.97%	98.73%
2013-14	668109	636318	638543	14.30%	95.58%	100.36%
2014-15*	736221	705628	695797	8.96%	94.50%	98.60%
* The figure for the year 2014-15 is provisional.						

COST OF COLLECTION

(in Rs. crore)			
Financial Year	Total Collections	Total Expenditure (Revenue)	Exp as % of Collection
2000-01	68,305	929	1.36%
2001-02	69,198	933	1.35%
2002-03	83,088	984	1.18%
2003-04	105,088	1050	1.00%
2004-05	132,771	1138	0.86%
2005-06	165,216	1194	0.72%
2006-07	230,181	1349	0.59%
2007-08	314,330	1687	0.54%
2008-09	333,818	2248	0.67%
2009-10	378,063	2726	0.72%
2010-11	446,935	2698	0.60%
2011-12	493,947	2976	0.60%
2012-13	5,58,658	3283	0.59%
2013-14	6,38,591	3641	0.57%
2014-15*	695797	4101	0.59%
* The figure for the year 2014-15 is provisional			

DIRECT TAX GDP RATIO

(Rs. in crore)

Financial Year	Net Coll. of Direct Taxes	GDP Current Market Price	Direct Tax GDP Ratio	GDP Growth Rate%	Tax Growth Rate	Buoyancy Factor (%)
2000-01	68305	2102376	3.25%	7.70%	17.85%	2.32
2001-02	69198	2281058	3.03%	8.50%	1.31%	0.15
2002-03	83088	2458084	3.38%	7.76%	20.07%	2.59
2003-04	105088	2754621	3.81%	12.06%	26.48%	2.19
2004-05	132771	3242209	4.10%	17.70%	26.34%	1.49
2005-06	165216	3693369	4.47%	13.92%	24.44%	1.76
2006-07	230181	4294706	5.36%	16.28%	39.32%	2.42
2007-08	312213	4987090	6.26%	16.12%	35.64%	2.21
2008-09	333818	5630063	5.93%	12.89%	6.92%	0.54
2009-10	378063	6457352	5.85%	14.69%	13.25%	0.90
2010-11	446935	7674148	5.82%	18.84%	18.38%	0.97
2011-12	493,947	9009722	5.48%	15.58%	10.52%	0.69
2012-13	5,58,658	10113281	5.52%	12.25%	13.10%	1.07
2013-14	6,38,543	11355073	5.62%	12.28%	14.31%	1.17
2014-15*	6,95,797	12541208	5.55%	10.45%	8.97%	0.86

*The figure for the year 2014-15 is provisional

13.3. Results Framework Document (RFD) – 2015 -16

The Results Framework Document (RFD) for the Income Tax Department for the F.Y. 2015-16 carries measurable objectives designed to be achieved through a set of action points. Major objectives are better communication with Taxpayers, better management of Human Resources for enhancing Taxpayer services, strengthening Taxpayer services by enhancing Information Technology, efficiency in Tax Administration and implementing recommendations of TARC. The performance of Department is to be evaluated against these objectives assigned to different Responsibility Centres of CBDT.

13.4. Annual Conference

The 31st Annual Conference of Principal Chief Commissioners/Principal Directors General/Chief Commissioners and Directors General of Income Tax was held on 25th and 26th May 2015. The main areas for deliberations therein were non-adversarial and conducive tax environment, technology enabled e-governance, simplification of procedures, overhauling the dispute resolution mechanisms, facilitating investment, accountability of assessing officers for factually and legally

unsustainable orders; effective strategies for achieving budget target and arrear management; tackling the menace of black money and cross-border tax evasion, etc. During the Conference, Hon'ble Finance Minister Shri Arun Jaitley explained that the Government had enacted the Black Money Act, 2015 to squeeze out the black money stashed away abroad. Elaborating on other measures taken by the Government to curb black money, he added that the Benami Transactions (Prohibition) Bill, 2015 to deal with unaccounted domestic wealth had also been introduced. He also emphasized fair and non-adversarial tax administration and reiterated that the Government policy was crystal clear that though nobody should be harassed, tax evaders must not be spared. He also exhorted the senior officers of the Income-tax Department to be prompt in redressing the grievances of the taxpayers, expanding the tax-base in a non-intrusive manner and achieving the revenue targets.

13.5. Direct Taxes Advisory Committees

With a view to encouraging mutual understanding between taxpayers and Income tax officials and to advise the Government on measures for removing the difficulties of general nature pertaining to Direct Taxes, a Central Direct taxes Advisory Committee (CDTAC) at Delhi and

64 Regional Direct Taxes Advisory Committees (RDTAC) exist at important stations. Representatives of Trade and Professionals Associations are also nominated to these Committees. The term of these Committees is two years from the date of their constitution.

13.6. INVESTIGATION DIVISION

13.6.1. Action against Black Money

Drive against black money is an on-going process. Appropriate action under direct tax laws including levy of penalty and launching of prosecution in appropriate cases is taken whenever any instance of tax evasion is detected. The Government has taken various measures under a multi-pronged strategy to further strengthen and streamline the enforcement mechanism of the Income-

tax Department. The Income-tax Department is taking various steps to re-align the processes and systems for dealing with search & seizure cases/serious tax evasion cases with a view to create credible deterrence through faster investigation leading to prosecution in appropriate cases.

13.6.2. Search & Seizure and Survey

Search and seizure and survey are amongst the main evidence collecting mechanisms that are used in cases where credible information about tax evasion is in possession of the Income-tax Department. Relevant statistics on search & seizure and surveys conducted in the last three years and financial year 2015-16 (upto November 2015) are as under:

Search and Seizure

[in Rs. crore]

Financial Year	Number of groups searched	Total assets seized	Undisclosed income admitted u/s. 132(4) of the IT Act, 1961
2012-13	422	575.08	10291.61
2013-14	569	807.84	10791.63
2014-15	545	761.70	10288.05
2015-16 (Upto November, 2015*)	249	469.71	6167.12

* Figures are provisional.

Surveys

[in Rs. crore]

Financial Year	No. of surveys conducted	Undisclosed income detected
2012-13	4630	19337.46
2013-14	5327	90390.71
2014-15	5035	12820.33
2015-16 (Upto November, 2015*)	1802	3577.12

* Figures are provisional.

13.6.3. Prosecution

Apart from the civil consequences (levy of tax, interest and penalty), serious violations under the Income-tax Act,

1961, particularly willful attempt to evade tax etc. attract criminal consequences in the form of prosecution so as to create credible deterrence. Relevant statistics for prosecution for last 3 financial years and financial year 2015-16 (upto September 2015) are as follows:

Financial Year	No. of cases in which prosecutions launched	No. of persons convicted	Cases compounded
2012-13	283	10	205
2013-14	641	41	561
2014-15	669	34	900
2015-16 (up to September, 2015*)	105	16	345

13.6.4. Investigation into undisclosed foreign assets cases:

Information regarding certain Indians holding bank accounts in HSBC bank in Switzerland was obtained from the competent authority of a foreign jurisdiction under the Double Taxation Avoidance Convention. As a result of painstaking investigations, despite several constraints including non-sharing of critical information by the Swiss competent authority, undisclosed income of about Rs.6479 crore has been brought to tax till 30th November, 2015 on account of deposits made in unreported foreign bank accounts. Tax demand of about Rs.4562 crore has been raised in such cases which includes demand in protective assessments. Concealment penalty of about Rs.1146 crore has also been levied in 142 cases. So far 137 prosecution complaints in criminal courts have been filed in 48 cases relating to undisclosed foreign bank accounts in HSBC.

13.6.5. Monitoring by the SIT

The Hon'ble Supreme Court in its Order dated 1st May 2014 read with the order dated 4th July, 2011 in Writ Petition (Civil) No. 176 of 2009, directed constitution of a Special Investigation Team (SIT). Following the directions of the Hon'ble Supreme Court, the SIT on black money was constituted by the Government under the chairmanship of Justice Mr. M. B. Shah and vice chairmanship of Justice Mr. Arijit Pasayat, retired Judges of Hon'ble Supreme Court through Notification dated 29th May 2014. Cases involving substantial unaccounted income, more particularly those involving undisclosed foreign assets (including bank accounts), are under extensive monitoring of the SIT. Necessary action has been taken on directions of the SIT and reports submitted from time to time.

13.6.6. Study on estimation of unaccounted income and wealth inside and outside the country:

A study on estimation of unaccounted income and wealth inside and outside the country Black money was assigned to NIPFP, NCAER and NIFM in March 2011, to be conducted by these Institutes separately and independently. The reports are under examination of the Government. The Government's response is under preparation, inter-alia, through inter-ministerial/ departmental consultation which is likely to be completed within Financial Year 2015-16. The study reports and the

Government's response thereto are to be submitted to the Standing Committee on Finance, under whose directions/ recommendations the study was commissioned.

13.6.7. Introduction of a new law – THE BLACK MONEY (UNDISCLOSED FOREIGN INCOME and ASSETS) and IMPOSITION of TAX ACT, 2015 – to combat the menace of black money stashed abroad

Hon'ble Finance Minister, in his budget speech, while acknowledging the limitations under the existing law, had conveyed the considered decision of the Government to enact a comprehensive new law on black money to specifically deal with black money stashed away abroad. In order to fulfill the commitment made the Parliament has enacted the stringent Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 which is effective from 01.07.2015. A one-time compliance window under the aforesaid new law was provided from 01.07.2015 to 30.09.2015 as an opportunity to declarants to declare their undisclosed foreign assets subject to certain prescribed conditions, before they are subjected to more stringent provisions of the new law. A total of 644 declarations were made under the compliance window declaring undisclosed foreign assets worth Rs. 4164 crores.

13.6.8. Amendment of Rules for mandatory quoting of PAN for specified transactions:

With a view to collect information of certain types of transactions from third parties in a non-intrusive manner, it is mandatory under Rule 114B of the Income-tax Rules to quote PAN where the transactions exceed a specified limit. In case of transactions of sale or purchase of goods and service PAN will be required to be quoted, irrespective of the mode of payment if the transaction exceeds Rs. two lakhs. To bring a balance between burden of compliance on legitimate transactions and the need to capture information relating to transactions of higher value, the Government has amended Rule 114B to enhance the monetary limits of certain transactions which require quoting of PAN. These changes are effective from 1st January, 2016.

13.7. Widening of Tax Base, Assessment And Refunds

The position of **Wealth Taxes and STT collected** during the last 5 financial years is as under:

Financial Year	2011-12	2012-13	2013-14	2014-15	2015-16 (up to January 2016)
Wealth tax (0032)	786.67	844.12	1006.90	1085.50	877.8
Securities Transaction Tax (0034)	5656.26	4997.86	5017.50	7398.15	5,780.4

Source: O/o Pr. Chief Controller of Accounts, CBDT/OLTAS

13.7.1. Widening of Tax Base

The definition of "Tax base" and "New Tax payer added during the year" has undergone change. Tax base as on 1st April of the financial year is now taken as number of persons who have either filed Income Tax Returns (ITRs), or in whose case tax has reportedly been paid or deducted, in any of the three consecutive financial years, previous to the reference year. Based on the said

definition, the figures of tax base are given as under:-

- The Taxbase as on 01.04.2014 is 6,50,70,975.
- The Taxbase as on 01.04.2015 is 6,86,24,905.
- New Taxpayer added during the year 2014-15 is 76,04,154.

13.7.2. Disposal of Refund claims:

After processing of returns, the number of refunds granted is as follows:

(Rs. in Crore)

Sl. No.	Financial Year	Number of refunds (in lacs)	Amount of Refund paid (including interest)
1.	2011-12	105.45	14,734.53
2.	2012-13	82.15	12,619.72
3.	2013-14	103.60	18,759.31
4.	2014-15	135.78	26,663.39
5.	2015-16 (up to Dec,2015)	161.08	26,938.96

Source: DGIT (Systems)

13.8. Judicial Work

The ITJ Division in CBDT deals with all issues having bearing on subjects dealt with in Chapter XX of the

Income tax Act, Chapter XIVA, Writ Petitions relating to IT matter, engagement of counsels etc.

13.8.1. The statistics regarding the disposal of appeals by the Commissioner of Income-tax (A) for FY 2015-16 is as follows:

	F.Y. 2013-14	F.Y. 2014-15	F.Y. 2015-16 (up to Oct. 2015)
No. of appeals disposed of by CsIT(A)	87,770	73,736	35,187
High Demand appeals disposed of by CsIT(A)	27,277	24,517	9,407
Total number of appeals pending before CsIT(A) at the end of F.Y.	2,15,174	2,32,126	2,81,467
Number of High Demand appeals in total appeals pending before CsIT(A) at the end of F.Y.	42,322	52,017	80,310
Amount locked up in total appeals pending at the end of year (Rs. in Crore)	2,87,444	3,83,797	5,67,082

13.8.2. The statistics regarding the engagement of counsels for FY 2015-16 is as follows:

During the last 3 years, statistics related to engagement of			
Category of counsels	F.Y. 2013-14	F.Y. 2014-15	F.Y. 2015-16*
Standing Counsels	97	17	40
Prosecution Counsels	7	14	9
Special Counsels	73	36	10

*Up to December 2015

13.8.3. The highlights of the work done by the ITJ Division during the year are as follows:

- (i) Instructions were issued on 19.06.2015 to ensure that appellate orders are issued within 15 days of last hearing.
- (ii) **Following Circulars on settled issues were issued:**
 - (a) Circular No.16/2015 – Non applicability of Rule 9A of the Income Tax Rules 1962 in the case of Abandoned Feature Films.
 - (b) Circular No.17/2015 - Measurement of the distance for the purpose of section 2(4) (iii) (b) of the Income Tax Act for the period prior to Assessment year 2014-15.
 - (c) Circular No.18/2015 – Interest from Non-SLR Securities of Banks – reg.
 - (d) Circular No.22/2015 – Allowability of employer's contribution to funds for the welfare of employees in terms of section 43B (6) of the Income tax Act.
 - (e) Circular No.23/2015 – TDS under section 194A of the Act on interest on fixed deposits made on directions of Courts – reg.
 - (f) Circular No.24/2015 – Recording of satisfaction note under section 158BD/153C of the Act – reg.
 - (g) Circular No.25/2015 – Penalty u/s 271(1)(c) wherein additions/disallowances made under normal provisions of the Income Tax Act, 1961 but tax levied under MAT provisions u/s 115JB/115JC, for cases prior to A.Y. 2016-17 – reg.
- (iii) Circular No.21/2015 was issued for Revision of monetary limits for filing of appeals by the

Department before Income Tax Appellate Tribunal and High Courts and SLP before Supreme Court as a measure for reducing litigation. The limits on tax effects for filing of appeals have been revised to Rs.10 lakhs for ITAT and Rs.20 lakhs for High Court. Notably, for the first time, the Circular was issued with retrospective effect for ITAT and High Court.

- (iv) Annual targets were allocated to each Pr. CCIT Region in respect of disposal of appeals by the CslT (A) and the same was monitored on a regular basis.
- (v) Office Memorandum was issued on 10.12.2015 for forming Collegium for considering withdrawal of Appeals before High Courts exceeding the monetary limit of Rs. 20 Lakhs.

13.9. TPL DIVISION

13.9.1. Major Changes made by Finance Act, 2015

A. Rates of taxation

1. In financial year 2015-16, basic exemption limit in the case of individual, HUF, association of persons, body of individuals and artificial juridical person has been retained at Rs. 2,50,000/-. The exemption limit in case of resident individuals above the age of sixty years but less than eighty years has also been retained at Rs. 3,00,000/-. The rates of tax and other slabs of income for various categories remain the same as in financial year 2014-15.

2. The rates for deduction of income-tax at source during the financial year 2015-16 from certain incomes other than "salaries" have been specified in Part II of the First Schedule to the Act. The rates for deduction of income-tax at source during the financial year 2015-16 will continue to be the same as those specified in Part II of the First Schedule to the Finance (No. 2) Act, 2014 except that in case of certain payments made to a non-resident (other than a company) or a foreign company, in the nature of income by way of royalty or fees for

technical services, the rate has been reduced to 10 percent of such income from 25 percent. Further, the newly inserted section 192A to the Income-tax Act, 1961 provides for withholding tax rate of 10 percent where payment of accumulated balance under Employees' Provident Fund Scheme, 1952 exceeding Rs. 30,000/- due to an employee, which is includible in the total income; is made. Also, the newly inserted section 194LBB to the Income-tax Act provides for withholding tax rate of 10 percent where any income other than business income, is distributed by an investment fund to its unit holders.

The tax deducted at source in the following cases shall be increased by a surcharge for purposes of the Union indicated below:

- (i) In case of every non-resident person not being a company, the rate of surcharge has been raised to twelve percent of tax from ten percent where the income or aggregate of such income paid or likely to be paid and subject to the deduction exceeds one crore rupees.
- (ii) In case of payments made to foreign companies, the rate of surcharge is two per cent of such income tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees. In case where such income or the aggregate of such incomes paid or likely to be paid to a foreign company and subject to the deduction exceeds ten crore rupees, the rate of surcharge is five percent.

3. No surcharge on tax deducted at source shall be levied in the case of an individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person, co-operative society, and local authority, firm being a resident or a domestic company.

Education Cess on income-tax shall continue to be levied for the purposes of the Union at the rate of two per cent of income-tax and surcharge, if any, in the cases of persons not resident in India including companies other than domestic company. In addition, the amount of tax deducted and surcharge shall be further increased by an additional surcharge called Secondary and Higher Education Cess on income-tax at the rate of one per cent in all such cases.

4. The rates for deducting income-tax at source from Salaries and computing advance tax during the financial year 2015-16 have been specified in Part III of

the First Schedule to the Act. These rates are also applicable for charging income-tax during the financial year 2015-16 on current incomes in cases where accelerated assessments have to be made. The basic exemption limit continues to remain at Rs. 2, 50,000. The exemption limit in case of resident individuals above the age of sixty years but less than eighty years also remains at Rs. 3,00,000. The rates of tax and other slabs of income for various categories also remain the same as in financial year 2014-15.

4.1. In the case of every individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person, co-operative society, firm and local authority, the amount of income-tax computed shall be increased by a surcharge at the rate of twelve percent of such income-tax now instead of ten percent in case of a person having a total income exceeding one crore rupees. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

4.2. Education Cess on Income-tax and Secondary and Higher Education Cess on income-tax shall be levied at the rate of two per cent and one per cent respectively of the amount of income tax and surcharge. No marginal relief shall be available in respect of Education Cess and Secondary and Higher Education Cess.

4.3. In case of a domestic company, the rate of income-tax is thirty per cent of the total income. The tax computed shall be enhanced by a surcharge of seven per cent where such domestic company has total income exceeding one crore rupees but not exceeding ten crore rupees. The rate of levy of surcharge has been raised to twelve percent in cases where the total income of the company exceeds ten crore rupees. In the case of a foreign company, the tax rate shall be forty per cent. The tax computed shall be enhanced by a surcharge of two per cent only where such company has total income exceeding one crore rupees but not exceeding ten crore rupees. Surcharge at the rate of five per cent shall be levied if the total income of the company other than domestic company exceeds ten crore rupees.

4.4. However, marginal relief shall be allowed in the case of every company to ensure that

- (i) the additional amount of income-tax payable, including surcharge, on the excess of income over one crore rupees is limited to the amount by which the income is more than one crore rupees,
- (ii) the total amount payable as income-tax and surcharge on total income exceeding ten crore rupees shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees, by more than the amount of income that exceeds ten crore rupees.
- 4.5.** Education Cess on income-tax and Secondary and Higher Education Cess on income-tax shall be levied at the rate of two per cent and one per cent respectively
- of the amount of income-tax computed including surcharge. No marginal relief shall be available in respect of Education Cess and Secondary and Higher Education Cess.
- 5.** Where additional income-tax has to be paid under section 115-O or section 115-QA or sub-section (2) of section 115R or section 115TA of the Income-tax Act, that is to say, on distribution of dividend by domestic companies or distribution of income by a company on buy-back of shares from shareholders or on distribution of income by a mutual fund to its unit holders or on distribution of income by a securitization trust to its investors, the additional tax so payable shall be increased by a surcharge of twelve percent of such tax instead of ten percent for the previous year.

B. Other major changes by the Finance Act, 2015

I. Measures to promote socio-economic growth

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Incentives for the States of Andhra Pradesh, Bihar, Telangana and West Bengal	Manufacturing sector plays significant role in the economic growth of any region. In order to encourage the setting up of industrial undertakings in the backward areas of the State of Andhra Pradesh or the State of Bihar or the State of Telangana or the State of West Bengal, a new section 32AD has been inserted in the Income-tax Act and also the provisions of section 32 of the Income-tax Act has been amended to provide following incentives:		State of Telangana or the State of West Bengal; and
	A. Additional Investment Allowance	(b)	the new assets are acquired and installed for the purposes of the said undertaking or enterprise during the period beginning from the 1st April, 2015 and ending on 31st March, 2020.
	Section 32AD has been inserted in the Income-tax Act to provide for an additional investment allowance of an amount equal to 15% of the cost of new asset acquired and installed by an assessee, if-		This deduction shall be available over and above the existing deduction available under section 32AC of the Income-tax Act. Accordingly, if a company sets up an undertaking in the notified backward area in the State of Andhra Pradesh or in the State of Bihar or in the State of Telangana or in the State of West Bengal, it shall be eligible to claim deduction under the existing provisions of section 32AC of the Income-tax Act as well as under this newly inserted section 32AD of the Income-tax Act if it fulfils the conditions (such as investment above a specified threshold) provided in section 32AC as well as conditions specified in section 32AD.
	(a) he sets up an undertaking or enterprise for manufacture or production of any article or thing on or after 1st April, 2015 in any notified backward area in the State of Andhra Pradesh or the State of Bihar or the		The phrase "new asset" has been defined as plant or machinery but does not include-
		i.	any plant or machinery which before its installation by the

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	assessee was used either within or outside India by any other person;		
ii.	any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;		
iii.	any office appliances including computers or computer software;		
iv.	any vehicle;		
v.	any ship or aircraft; or		
vi.	any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any previous year.		
	With a view to ensure that the manufacturing units which are set up by availing this incentive actually contribute to economic growth of these backward areas by carrying out the activity of manufacturing for a reasonable period of time, suitable safeguards have been provided for restricting the transfer of the plant or machinery for a period of 5 years. However, this restriction shall not apply to the amalgamating or demerged company or the predecessor in a case of amalgamation or demerger or business reorganisation but shall continue to apply to the amalgamated company or resulting company or successor, as the case may be.		
			B. Additional Depreciation at the rate of 35%
			To incentivise investment in new plant or machinery, additional depreciation of 20% is allowed under the existing provisions of section 32(1) (iia) of the Income-tax Act in respect of the cost of plant or machinery acquired and installed by certain assesseees. This depreciation allowance is allowed over and above the deduction allowed for general depreciation under section 32(1) (ii) of the Income-tax Act.
			In order to incentivise acquisition and installation of plant and machinery for setting up of manufacturing units in the notified backward areas in the State of Andhra Pradesh or in the State of Bihar or in the State of Telangana or in the State of West Bengal, a new proviso has been inserted in section 32(1)(iia) of the Income-tax Act to provide for higher additional depreciation at the rate of 35% (instead of 20%) in respect of the actual cost of new machinery or plant (other than a ship and aircraft) acquired and installed by an assessee for setting up of a manufacturing undertaking or enterprise in the notified backward area of the said States on or after the 1st April, 2015.
			This higher additional depreciation shall be available in respect of acquisition and installation of any new machinery or plant for the purposes of the said undertaking or enterprise during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020. The eligible machinery or plant for this purpose shall not include the machinery or plant which are currently not eligible for additional depreciation as per the existing

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Deduction for payment made for purchase of sugar cane by co-operative sugar factories at a price fixed by or fixed with the approval of the Government.	proviso to section 32(1)(iia) of the Income-tax Act.		approval of the Government shall be allowed as deduction for computing business income of the sugar co-operative factories. Hence, for the purposes of computing business income of a co-operative society engaged in the business of manufacture of sugar for assessment year 2016-17 and subsequent assessment years, the price paid for purchase of sugarcane which has been fixed or approved by the Government shall be allowed as deduction under section 36(1) (xvii) of the Income-tax Act even if the same is in excess of the SMP.
	These amendments takes effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		This amendment takes effect from 1st April, 2016 and would accordingly apply to assessment year 2016-17 and subsequent assessment years.
	Sugar factories operating in the cooperative sectors in certain states of India pay to sugarcane growers a final amount, often referred to as Final Cane Price (FCP) which is over and above the Statutory Minimum Price (SMP) fixed by the Central Government under the Sugarcane Control Order, 1996. FCP is decided on the basis of the particular factory's working results which take into account all the revenues and expenditure incurred by the factory.	Tax neutrality on merger of similar schemes of Mutual Funds	Securities and Exchange Board of India (SEBI) has been encouraging mutual funds to consolidate different schemes having similar features so as to have simple and fewer numbers of schemes. However, such mergers/consolidations are treated as transfer and capital gains are imposed on unit holders under the Income-tax Act.
	The payment of FCP by the co-operative sugar factories over and above the SMP for purchase of sugarcane resulted into tax litigation. The co-operative sugar factories were claiming this excess payment as business expenditure whereas the same has been disallowed in the assessment on the ground that the excess price paid for purchase of sugar cane over and above SMP is in the nature of appropriation/distribution of profit and hence not allowable a deduction.		In order to facilitate consolidation of such schemes of mutual funds in the interest of the investors, tax neutrality has been provided to unit holders upon consolidation or merger of mutual fund schemes provided that the consolidation is of two or more schemes of an equity oriented fund or two or more schemes of a fund other than an equity oriented fund by amending section 47 of the Income-tax Act. Section 49 of the Income-tax Act has also been amended to provide that the cost of acquisition of the units in a consolidated scheme of a mutual
	In order to provide certainty in this matter and to encourage co-operative movement in sugar sector, a new clause (xvii) has been inserted in sub-section (1) of section 36 of the Income-tax Act to provide that the amount paid for purchase of sugarcane by the co-operative societies engaged in the manufacture of sugar at a price which is equal to or less than the price fixed by or fixed with the		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Taxation Regime for Real Estate Investment Trusts (REIT) and Infrastructure Investment Trusts (InvIT)	fund shall be the cost of units in the consolidating scheme and period of holding of the units of the consolidated scheme shall include the period for which the units in consolidating schemes were held by the assessee.		gains shall be exempt and the short term capital gains shall be taxable at the rate of 15%.
	Consolidating scheme has been defined as the scheme of a mutual fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the consolidated scheme means the scheme with which the consolidating scheme merges or which is formed as a result of such merger.	ii.	In case of capital gains arising to the sponsor at the time of exchange of shares in Special Purpose Vehicle (SPV), being the unlisted company through which income generating assets are held indirectly by the business trusts, with units of the business trust, the taxation of gains is deferred.
	These amendments will take effect from 1st April, 2016 and will accordingly apply, in relation to the assessment year 2016-17 and subsequent assessment years.	iii.	The tax on such gains is to be levied at the time of disposal of units by the sponsor.
	The Finance (No.2) Act, 2014 had amended the Income-tax Act to put in place a special taxation regime in respect of business trusts. The business trust as defined in section 2(13A) of the Income-tax Act before amendment by the Act, included a Real Estate investment Trust (REIT) and an Infrastructure Investment Trust (InvIT) which is registered under regulations framed by SEBI in this regard.	iv.	However, the preferential capital gains regime (consequential to levy of STT) available to other unit holders of business trust, is not available to the sponsor in respect of these units at the time of their transfer.
	The said tax regime for the business trust and their investors as contained in different sections of the Income-tax Act, inter alia, provided that:-	v.	For the purpose of computing capital gain, the cost of these units is considered as cost of the shares to the sponsor. The holding period of shares is included in computing the holding period of such units
	i. The listed units of a business trust, when traded on a recognised stock exchange, would be liable to securities transaction tax (STT), and the long term capital	vi.	The pass through is provided in respect of income by way of interest received by the business trust from SPV i.e., there is no taxation of such interest income in the hands of the trust and no withholding tax at the level of SPV.

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
vii.	However, withholding tax at the rate of 5 percent in case of payment of interest component of income distributed to non-resident unit holders, and at the rate of 10 per cent. in respect of payment of interest component of distributed income to a resident unit holder is required to be effected by the trust.	(i)	the sponsor would get the same tax treatment on offloading of units under an Initial offer on listing of units as it would have been available had he offloaded the underlying shareholding through an IPO.
viii.	The dividend received by the trust is subject to dividend distribution tax at the level of SPV and is exempt in the hands of the trust, and the dividend component of the income distributed by the trust to the unit holders is also exempt.	(ii)	Chapter VII of the Finance (No. 2) Act, 2004 has been amended to provide that STT shall be levied on sale of such units of business trust which are acquired in lieu of shares of SPV, under an Initial offer at the time of listing of units of business trust on similar lines as in the case of sale of unlisted equity shares under an IPO.
	The deferral of capital gains provided to the sponsor of business trust had placed such a sponsor at a disadvantageous tax position vis-a vis direct listing of the shares of the SPV. In case the sponsor holding the shares of the SPV decides to exit through the Initial Public Offer (IPO) route, then the benefit of concessional tax regime relating to capital gains arising on transfer of shares subject to levy of STT is available to him. The tax on short term capital gains (STCG) in such cases is levied @ 15% and the long term capital gain (LTCG) is exempt under section 10(38) of the Act. However, the benefit of concessional regime was not available to the sponsor at the time it offloads units of business trust acquired in exchange of its shareholding in the SPV through Initial offer at the time of listing of business trust on stock exchange.	(iii)	the benefit of concessional tax regime of tax @15 % on STCG and exemption on LTCG under section 10(38) of the Act shall be available to the sponsor on sale of units received in lieu of shares of SPV subject to levy of STT.
	In order to provide parity, it has been provided that,-	(iv)	MAT deferral at the time of exchange of shares of SPV with units of business trust has also been provided (refer para 33.5).
			Further, in case of a business trust being a REIT, the income is predominantly in the nature of rental income. This rental income arises from the assets held directly by REIT or held by it through an SPV. While the rental income received at the level of SPV gets passed through by way of interest or dividend to the REIT, the rental income directly received by the REIT was being taxed at REIT level and did not get pass through benefit.
			In order to provide pass through to the rental income arising to REIT from real estate property directly held by it, it has been provided that:-

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	i. any income of a business trust, being a real estate investment trust, by way of renting or leasing or letting out any real estate asset owned directly by such business trust shall be exempt; ii. the distributed income or any part thereof, received by a unit holder from the REIT, which is in the nature of income byway of renting or leasing or letting out any real estate asset owned directly by such REIT, shall be deemed to be income of such unit holder and shall be charged to tax. iii. the REIT shall effect TDS on rental income allowed to be passed through. In case of resident unit holder, tax shall be deducted @ 10%, and in case of distribution to non-resident unit holder, the tax shall be deducted at rate in force as applicable for deduction of tax on payment to the non-resident of any sum chargeable to tax. iv. no deduction shall be made under section 194-I of the Income-tax Act where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset held directly by such REIT. These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.	Pass through status to Category-I and Category-II Alternative Investment Funds	The provisions of section 10(23FB) of the Income-tax Act provide that any income of a Venture Capital Company (VCC) or a Venture Capital Fund (VCF) from investment in a Venture Capital Undertaking (VCU) shall not form part of its total income. Section 115U of the Income-tax Act provides that income accruing or arising or received by a person out of investment made in a VCC or VCF shall be taxable in the same manner, on current year basis, as if the person had made direct investment in the VCU. These sections provide a tax pass through (i.e. income is taxable in the hands of investors instead of VCF/VCC) only to the funds, being set up as a company or a trust, which are registered (i) before 21.05.2012 as a VCF under SEBI (VCF) Regulations, 1996, or (ii) as venture capital fund being one of the sub-categories under category-I Alternative investment fund (AIF) regulated by SEBI (AIF) Regulations, 2012 w.e.f. 21.05.2012. This pass through is available only in respect of income which arises to the fund from investment in VCU (Venture Capital Undertaking), being a company which satisfies the conditions provided in SEBI (VCF) Regulations, 1996 or SEBI (AIF) Regulations, 2012 (AIF regulations). Under the AIF regulations, various types of AIFs have been classified under three separate categories as Category I, II and III AIFs. Category I includes AIFs which invest in start-up or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the Government or regulators consider as socially or

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	economically desirable. Category II AIFs are funds including private equity funds or debt funds which do not fall in Category I and III and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements. Category III AIFs are funds which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives. The funds can be set up as a trust, company, limited liability partnership and any other body corporate. Similarly, investment by AIFs can be in entities which can be a company, firm etc. Pooled investment vehicles (other than hedge funds) engaged in making passive investments have been accorded pass through in certain tax jurisdictions. In order to rationalize the taxation of Category-I and Category-II AIFs (hereafter referred to as investment fund), a special tax regime has been provided. The taxation of income of such investment fund and their investors shall be in accordance with the new regime which is applicable to such funds irrespective of whether they are set up as a trust, company, or limited liability firm etc. The salient features of the special regime are as under:-		fund, been made directly by him.
	(i) income of a person, being a unit holder of an investment fund, out of investments made in the investment fund shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person had the investments, made by the investment	(ii) income in the hands of investment fund, other than income from profits and gains of business, shall be exempt from tax. The income in the nature of profits and gains of business or profession shall be taxable in the case of investment fund. (iii) income in the hands of investor which is of the same nature as income by way of profits and gains of business or profession at investment fund level, shall be exempt. (iv) where any income, other than income which is taxable at investment fund level, is payable to a unit holder by an investment fund, the fund shall deduct income-tax at the rate of ten per cent. (v) the income paid or credited by the investment fund shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as if it had been received by, or had accrued or arisen to, the investment fund. (vi) if in any year there is a loss at the fund level either current loss or the loss which had remained to be set off, the loss shall not be allowed to be passed through to the investors but would be carried over at fund level to be set off against income of the next year in accordance with the provisions of Chapter VI of the Income-tax Act. (vii) the provisions of Chapter XII-D (Dividend Distribution Tax)	

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	or Chapter XII-E (Tax on distributed income) shall not apply to the income paid by an investment fund to its unit holders.	II. Relief and welfare measures	
(viii)	the income received by the investment fund would be exempt from TDS requirement vide Notification S.O. 1703 (E) dated 25th June, 2015.	Fund Managers in India not to constitute business connection of offshore funds	The provisions of section 9 of the Income-tax Act deal with incomes which are deemed to accrue or arise in India. Section 9(1)(i) provides a set of circumstances in which income is deemed to accrue or arise in India, and is taxable in India. One of the conditions for the income of a non-resident to be deemed to accrue or arise in India is the existence of a business connection in India. Once such a business connection is established, income attributable to the activities which constitute business connection becomes taxable in India. Similarly, under Double Taxation Avoidance Agreements (DTAAs), the source country assumes taxation rights on certain incomes if the non-resident has a Permanent Establishment (PE) in that country.
(ix)	shall be mandatory for the investment fund to file its return of income. The investment fund shall also provide to the prescribed income-tax authority and the investors, the details of various components of income, etc. for the purposes of the scheme.		Further, section 6 of the Income-tax Act provides conditions under which a person is said to be resident in India. In the case of a person other than an individual, the test is dependent upon the location of its "control and management".
	Further, the existing pass through regime shall continue to apply to VCF/VCC which had been registered under SEBI (VCF) Regulations, 1996. Remaining VCFs, being part of Category-I AIFs, shall be subject to the new pass through regime.		In the case of off-shore funds, under the above provisions, the presence of a fund manager in India could create sufficient nexus of the off-shore fund with India and could constitute a business connection in India even though the fund manager may be an independent person. Similarly, if the fund manager located in India undertakes fund management activity in respect of investments outside India for an off-shore fund, the profits made by the fund from such investments could have been liable to tax in India due to the location of fund
	The application of the provisions of the new regime has been explained in the Memorandum explaining the provisions in the Finance Bill, 2015 by way of illustrations.		
	These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	manager in India and attribution of such profits to the activity of the fund manager undertaken on behalf of the off-shore fund. Therefore, apart from taxation of income received by the fund manager as fees for fund management activity, income of off-shore fund from investments made in countries outside India may have also got taxed in India due to such fund management activity undertaken in, and from, India constituting a business connection. Further, presence of the fund manager under certain circumstances may have led to the off shore fund being held to be resident in India on the basis of its control and management being in India. There are a large number of fund managers who are of Indian origin and are managing the investment of offshore funds in various countries. These persons were being discouraged from locating in India due to the above tax consequence in respect of income from the investments of offshore funds made in other jurisdictions. In order to facilitate location of fund managers of off-shore funds in India a specific regime has been provided in the Income-tax Act in line with international best practices with the objective that, subject to fulfilment of certain conditions by the fund and the fund manager,- (i) the tax liability in respect of income arising to the Fund from investment in India would be neutral to the fact as to whether the investment is made directly by the fund or through engagement of Fund manager located in India; and	(ii) that income of the fund from the investments outside India would not be taxable in India solely on the basis that the Fund management activity in respect of such investments have been undertaken through a fund manager located in India. The regime provides that in the case of an eligible investment fund, the fund management activity carried out through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India of the said fund. Further, it has been provided that an eligible investment fund shall not be said to be resident in India merely because the eligible fund manager undertaking fund management activities on its behalf is located in India. This specific exception from the general rules for determination of business connection and 'resident status' of off-shore funds and fund management activity undertaken on its behalf is subject to the following:- (1) The offshore fund shall be required to fulfil the following conditions during the relevant year for being an eligible investment fund: (i) the fund is not a person resident in India; (ii) the fund is a resident of a country or a specified territory with which an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A the Income-tax Act has been entered into; (iii) the aggregate participation or investment in the fund, directly or indirectly, by persons being resident in India does not exceed five percent. of the corpus of the fund; (iv) the fund and its activities are subject to applicable investor	

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	protection regulations in the country or specified territory where it is established or incorporated or is a resident ;	(xii)	the fund is neither engaged in any activity which constitutes a business connection in India nor has any person acting on its behalf whose activities constitute a business connection in India other than the activities undertaken by the eligible fund manager on its behalf.
(v)	the fund has a minimum of twenty five members who are, directly or indirectly, not connected persons;	(xiii)	the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken on its behalf is not less than the arm's length price of such activity.
(vi)	any member of the fund along with connected persons shall not have any participation interest, directly or indirectly, in the fund exceeding ten percent;	(2) The following conditions shall be required to be satisfied by the person being the fund manager for being an eligible fund manager:	
(vii)	the aggregate participation interest, directly or indirectly, of ten or less members along with their connected persons in the fund, shall be less than fifty percent.;	i.	the person is not an employee of the eligible investment fund or a connected person of the fund;
(viii)	the investment by the fund in an entity shall not exceed twenty percent of the corpus of the fund;	ii.	the person is registered as a fund manager or investment advisor in accordance with the specified regulations;
(ix)	no investment shall be made by the fund in its associate entity;	iii.	the person is acting in the ordinary course of his business as a fund manager;
(x)	monthly average of the corpus of the fund shall not be less than one hundred crore rupees and if the fund has been established or incorporated in the previous year, the corpus of fund shall not be less than one hundred crore rupees at the end of such previous year;	iv.	the person along with his connected persons shall not be entitled, directly or indirectly, to more than twenty percent of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through such fund manager.
(xi)	the fund shall not carry on or control and manage, directly or indirectly, any business in India or from India;		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	It has been provided that conditions mentioned in items (v),(vi)& (vii) of paragraph (1) shall not apply in cases of an investment fund set up by the Government or the Central Bank of a foreign State or a sovereign fund or such other fund as the Central Government may notify. It has been further provided that every eligible investment fund shall, in respect of its activities in a financial year, furnish within ninety days from the end of the financial year, a statement in the prescribed form to the prescribed income-tax authority containing information relating to the fulfilment of the above conditions or any information or document which may be prescribed. In case of non-furnishing of the prescribed information or document or statement, a penalty of Rs. 5 lakh shall be leviable on the fund (section 271FAB of the Income-tax Act). The provisions of the new section 9A the Income-tax Act shall be applied in accordance with such guidelines and in such manner as the Central Board of Direct Taxes (CBDT) may prescribe in this behalf. It has also been clarified that this regime shall not have any impact on taxability of any income of the eligible investment fund which would have been chargeable to tax irrespective of whether the activity of the eligible fund manager constituted the business connection in India of such fund or not. Further, the new regime shall not have any effect on the scope of total income or determination of total income in the case of the eligible fund manager. These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the	Tax benefits under section 80C for the girl child under the Sukanya Samriddhi Account Scheme	assessment year 2016-17 and subsequent assessment years. Pursuant to the Budget announcement in July 2014, a special small savings instrument for the welfare of the girl child has been introduced under the Sukanya Samriddhi Account Rules, 2014. The following tax benefits have been envisaged in the Sukanya Samriddhi Account scheme:- (i) The investments made in the Scheme will be eligible for deduction under section 80C of the Income-tax Act. (ii) The interest accruing on deposits in such account will be exempt from income tax. (iii) The withdrawal from the said scheme in accordance with the rules of the said scheme will be exempt from tax. Accordingly, a new clause (11A) has been inserted in section 10 of the Income-tax Act to provide that any payment from an account opened in accordance with the Sukanya Samriddhi Account Rules, 2014 made under the Government Savings Bank Act, 1873, shall not be included in the total income of the assessee. As a result, the interest accruing on deposits in the aforesaid account, and withdrawals from any such account under the scheme would be exempt. The Scheme has been notified under clause (viii) of sub-section (2) of section 80C of the Income-tax Act vide Notification number 9/2015 S.O.210 (E), F. No. 178/3/2015-ITA-I dated 21.01.2015. To provide that the deduction under section 80C may be

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Raising the limit of deduction under 80CCC	availed by the parent or legal guardian of the girl child, amendment of section 80C of the Income-tax Act has been made to provide that a sum paid or deposited during the year in the Scheme in the name of any girl child of the individual or in the name of any girl child for whom such individual is the legal guardian, would be eligible for deduction under section 80C of the Income-tax Act. These amendments take effect retrospectively from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.	A d d i t i o n a l d e d u c t i o n under 80CCD	Under the provisions contained in sub-section (1) of section 80CCD of the Income-tax Act, before its amendment by the Act, if an individual, employed by the Central Government on or after 1st January, 2004, or an individual employed by any other employer, or any other assessee being an individual has paid or deposited any amount in a previous year in his account under a notified pension scheme, a deduction of such amount not exceeding ten percent of his salary in the case of an employee and ten percent of the gross total income in case of any other individual is allowed. Similarly, the contribution made by the Central Government or any other employer to the said account of the individual under the pension scheme is also allowed as deduction under sub-section (2) of section 80CCD, to the extent it does not exceed ten per cent of the salary of the individual in the previous year. Sub-section (1A) of section 80CCD provides that the amount of deduction under sub-section (1) shall not exceed one hundred thousand rupees. Till date, under section 80CCD, only the National Pension System (NPS) has been notified by the Ministry of Finance. With a view to encourage people to contribute towards NPS, sub-section (1A) of section 80CCD has been omitted. The overall limit of one hundred and fifty thousand rupees under section 80CCE shall apply in respect of the contribution made in accordance with sub-section (1) of section 80CCD. In addition to the enhancement of the limit under section 80CCD(1), a new sub-section (1B) has been inserted in section 80CCD so as to provide for an additional deduction in respect of any
	Under the provisions of sub-section (1) of the section 80CCC of the Income-tax Act, before its amendment by the Act, an assessee, being an individual was allowed a deduction upto one lakh rupees in the computation of his total income, of an amount paid or deposited by him to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from a fund set up under a pension scheme. In order to promote social security, sub-section (1) of section 80CCC has been amended to raise the limit of deduction under section 80CCC from one lakh rupees to one hundred and fifty thousand rupees, within the overall limit provided in section 80CCE. This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Amendment in section 80D relating to deduction in respect of health insurance premis	amount paid, upto fifty thousand rupees for contributions made by any individual assessee under the NPS. The additional deduction of Rs.50,000/- will be available whether or not any claim under sub-section (1) of section 80CCD has been made.		A similar deduction is also available to a Hindu Undivided Family (HUF) in respect of health insurance premia, paid by any mode, other than cash, to effect or to keep in force insurance on the health of any member of the HUF. The section also provided for a deduction of twenty thousand rupees in both the cases if the individual insured is a senior citizen of sixty years of age or above.
	Consequential amendments have also been made in sub-section (3) and sub-section (4) of section 80CCD.		The quantum of deduction allowed under Section 80D to individuals and HUF in respect of premium paid for health insurance had been fixed vide Finance Act, 2008 at Rs.15000/- and Rs.20,000/- for senior citizens. In view of continuous rise in the cost of medical expenditure, section 80D has been amended to raise the limit of deduction from fifteen thousand rupees to twenty five thousand rupees. The limit of deduction for senior citizens has been raised from twenty thousand rupees to thirty thousand rupees.
	These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		Further, very senior citizens are often unable to get health insurance coverage and are therefore unable to take tax benefit under section 80D. Accordingly, as a welfare measure towards very senior citizens, section 80D has further been amended to provide that any payment upto Rs.30,000/- made on account of medical expenditure shall be allowed as a deduction under section 80D, in respect of a very senior citizen, if no payment has been made to keep in force an insurance on the health of such person. The aggregate deduction available to any individual who is a very senior citizen in respect of health
	The provisions contained in section 80D of the Income-tax Act, before its amendment by the Act, inter alia, provided for -		
	(a). deduction up to fifteen thousand rupees to an assessee, being an individual in respect of health insurance premia, paid by any mode, other than cash, to effect or to keep in force an insurance on the health of the assessee or his family or any contribution made to the Central Government Health Scheme or any other notified scheme or any payment made on account of preventive health checkup of the assessee or his family; and		
	(b). an additional deduction of fifteen thousand rupees to an individual assessee to effect or to keep in force insurance on the health of the parent or parents of the assessee.		

Amendment	Rationale for Amendment
	insurance premia and the medical expenditure incurred for his family would, however, be limited to thirty thousand rupees.
	Example:
	(i) For Individual and his family Health insurance premia 21,000
	(ii) For parents Health insurance of Mother: 18,000 Medical expenditure on father (very senior citizen) 25,000
	Deduction eligible u/s 80D Rs. 21000 + Rs. 30000 = Rs. 51,000
	A 'very senior citizen' has been defined to mean an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.
	These amendments take effect from the 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
Raising the limit of deduction under section 80DD and 80U for persons with disability and service disability	The provisions of section 80DD of the Income-tax Act, before its amendment by the Act, inter alia, provided for a deduction to an individual or HUF, who is a resident in India, and has incurred-
	(a) Expenditure for the medical treatment (including nursing), training and rehabilitation of a dependent, being a person with disability as defined under the said section; or
	(b) Paid any amount to LIC or any other insurer in respect of a scheme for the maintenance of a disabled dependent.
	The section provided for a deduction of fifty thousand rupees

Amendment	Rationale for Amendment
	if the dependent is suffering from disability and one lakh rupees if the dependent is suffering from severe disability (as defined under the said section).
	The provisions of section 80U of the Income-tax Act, before its amendment by the Act, inter alia, provided for a deduction to an individual, being a resident, who, at any time during the previous year, was certified by the medical authority to be a person with disability (as defined under the said section).
	The said section provided for a deduction of fifty thousand rupees if the person is suffering from disability and one lakh rupees if the person is suffering from severe disability (as defined under the said section).
	The limits under section 80DD and section 80U in respect of a person with disability were fixed at fifty thousand rupees by Finance Act, 2003. Further, the limit under section 80DD and section 80U in respect of a person with severe disability was last enhanced from seventy five thousand rupees to one lakh rupees by Finance (No.2) Act, 2009.
	In view of the rising cost of medical care and special needs of a disabled person, section 80DD and section 80U have been amended to raise the limit of deduction in respect of a person with disability from fifty thousand rupees to seventy five thousand rupees.
	Section 80DD and section 80U have further been amended to raise the limit of deduction in respect of a person with severe disability from one lakh rupees to one hundred and twenty five thousand rupees.

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Raising the limit of deduction under section 80DDB	These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		intending to claim the aforesaid deduction. Government hospitals at many places do not have doctors specializing in the above branches of medicine. Therefore, it may be difficult for the taxpayer to obtain a certificate from a Government hospital.
	Under the provisions contained in section 80DDB of the Income-tax Act, before its amendment by the Act, an assessee, resident in India is allowed a deduction of a sum not exceeding forty thousand rupees, being the amount actually paid, for the medical treatment of certain chronic and protracted diseases such as Cancer, full blown AIDS, Thalassaemia, Haemophilia etc. This deduction is allowed up to sixty thousand rupees where the expenditure is in respect of a senior citizen i.e. a person who is of the age of sixty years or more at any time during the relevant previous year.		In view of the above, section 80DDB has been amended to provide that the assessee will be required to obtain a prescription from a specialist doctor for the purpose of availing this deduction.
	The above deduction is available to an individual for medical expenditure incurred on himself or a dependent. It is also available to an HUF for such expenditure incurred on its members. Dependent in case of an individual means the spouse, children, parents, brother or sister of an individual and in case of an HUF means a member of the HUF, wholly or mainly dependent on such individual or HUF for his support and maintenance.	One hundred per cent deduction for National Fund for Control of Drug Abuse	Section 80DDB has been amended further to provide for a higher limit of deduction of upto eighty thousand rupees, for the expenditure incurred in respect of the medical treatment of a "very senior citizen". A "very senior citizen" has been defined as an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.
	Under the provisions of section 80DDB before its amendment by the Act, a certificate in the prescribed form, from a neurologist, an oncologist, an urologist, a haematologist, an immunologist or such other specialist working in a Government hospital was required. It had been represented that the requirement of a certificate from a doctor working in a Government hospital causes undue hardship to the persons		These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
			Under the provisions of section 80G of the Income-tax Act, before its amendment by the Act, an assessee was allowed a deduction from his total income in respect of donations made by him to certain funds and charitable institutions. The deduction is allowed at the rate of hundred percent of the amount of donations made to certain funds and institutions formed for a social purpose of national importance, like the Prime Ministers' National Relief Fund, National Foundation for Communal Harmony etc.

Amendment	Rationale for Amendment
Tax benefits for Swachh Bharat Kosh and Clean Ganga Fund	The National Fund for Control of Drug Abuse is a fund created by the Government of India in the year 1989, under the Narcotic Drugs and Psychotropic Substances Act, 1985. Since National Fund for Control of Drug Abuse is also a Fund of national importance, section 80G has been amended to provide hundred per cent deduction in respect of donations made to the said National Fund for Control of Drug Abuse.
	This amendment take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
	Under the provisions of section 80G of the Income-tax Act, before its amendment by the Act, a deduction was allowed in computing the total income of a person in respect of donations made to certain funds and charitable institutions. The deduction is allowed at the rate of fifty percent of the amount of donations made except in the case of donations made to certain funds and institutions formed for a social purpose of national importance, where it is allowed at the rate of one hundred percent, such as the National Defence Fund set up by the Central Government, the Prime Minister's National Relief Fund, the Prime Minister's Armenia Earthquake Relief Fund, the Africa (Public Contributions-India) Fund, the National Children's Fund, the National Foundation for Communal Harmony etc.
	"Swachh Bharat Kosh" has been set up by the Central Government to mobilize resources for improving sanitation facilities in rural and urban areas and school premises through the Swachh

Amendment	Rationale for Amendment
	Bharat Abhiyan. Similarly, Clean Ganga Fund has been established by the Central Government to attract voluntary contributions to rejuvenate river Ganga.
	With a view to encourage and enhance people's participation in the national effort to improve sanitation facilities and rejuvenation of river Ganga, section 80G of the Income-tax Act has been amended to incentivise donations to the two funds. It has been provided that donations made by any donor to the Swachh Bharat Kosh and donations made by resident donors to Clean Ganga Fund will be eligible for a deduction of hundred per cent in computing the total income. However, any sum spent on this account in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013, will not be eligible for deduction from the total income of the donor.
	The provisions of section 10(23C) of the Income-tax Act provide for exemption from tax in respect of the income of certain charitable funds or institutions like the Prime Minister's National Relief Fund; the Prime Minister's Fund (Promotion of Folk Art); the Prime Minister's Aid to Students Fund; the National Foundation for Communal Harmony. Considering the importance of Swachh Bharat Kosh and Clean Ganga Fund, section 10(23C) of the Income-tax Act has also been amended to exempt the income of Swachh Bharat Kosh and Clean Ganga Fund, set up by the Central Government, from income-tax.
	These amendments take effect retrospectively from 1st April, 2015 and will, accordingly, apply

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Deduction for employment of new workmen	in relation to assessment year 2015-16 and subsequent assessment years.		80JJAA has been amended to provide "additional wages" to mean the wages paid to the new regular workmen in excess of fifty workmen employed during the previous year.
	The provisions of section 80JJAA of the Income-tax Act, before its amendment by the Act, inter alia, provided for deduction to an Indian company, deriving profits from manufacture of goods in a factory. The quantum of deduction allowed is equal to thirty per cent of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.	Raising the threshold for specified domestic transaction	These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
	Clause (a) of sub-section (2), inter alia, provides that no deduction under sub-section (1) shall be available if the factory is hived off or transferred from another existing entity or acquired by the assessee company as a result of amalgamation with another company. Explanation to the section defines "Additional wages" to mean the wages paid to the new regular workmen in excess of hundred workmen employed during the previous year.		The provisions of section 92BA of the Income-tax Act define "specified domestic transaction" in case of an assessee to mean any of the specified transactions, not being an international transaction, where the aggregate of such transactions entered into by the assessee in the previous year exceeds a sum as provided in the said section. Before amendment by the Act, this threshold was rupees five crore.
	With a view to encourage generation of employment, section 80JJAA has been amended to extend the benefit to all assesseees having manufacturing units rather than restricting it to corporate assesseees only. Further, in order to enable the smaller units to claim this incentive, the benefit under section 80JJAA has been extended to units employing 50 (instead of 100) regular workmen.		In order to address the issue of compliance cost in case of small businesses on account of low threshold of five crore rupees, the said section 92BA has been amended to provide that the aggregate of specified transactions entered into by the assessee in the previous year should exceed a sum of twenty crore rupees for such transaction to be treated as 'specified domestic transaction'.
	Accordingly, sub-sections (1) and (2) of the section 80JJAA have been amended. Further, clause (i) of the Explanation to section	Reduction in rate of tax on Income by way of Royalty and Fees for technical services in case of non-residents	This amendment takes effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
			The provisions of section 115A of the Income-tax Act provide that in case of a non-resident taxpayer, where the total income includes any income by way of Royalty and Fees for technical services (FTS) received by such non-resident from Government or an Indian concern after 31.03.1976, and which is not effectively connected with permanent establishment, if any, of

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Extension of eligible period of concessional tax rate under section 194LD of the Income tax Act	the non-resident in India, tax shall be levied on the gross amount of such income at the rate provided therein. The Finance Act, 2013 had provided the rate to be 25%.	Relaxing the requirement of obtaining TAN for certain deductors	payable upto 30th June, 2017.
	In order to reduce the hardship faced by small entities due to high rate of tax of 25%, the Income-tax Act has been amended to reduce the rate of tax provided under section 115A on royalty and FTS payments made to non-residents to 10%.		This amendment takes effect from 1st June, 2015.
	This amendment takes effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		Under the provisions of section 203A of the Income-tax Act, every person deducting tax (deductor) or collecting tax (collector) is required to obtain Tax Deduction and Collection Account Number (TAN) and quote the same for reporting of tax deduction/ collection to the Income-tax Department. However, currently, for reporting of tax deducted from payment over a specified threshold made for acquisition of immovable property (other than rural agricultural land) from a resident transferor under section 194-IA of the Income-tax Act, the deductor is not required to obtain and quote TAN and is allowed to report the tax deducted by quoting his Permanent Account Number (PAN).
	The provisions of section 194LD of the Income-tax Act provide for lower withholding tax at the rate of 5 per cent in case of interest payable to Foreign Institutional Investor (FII) and a Qualified Foreign Investor (QFI) on their investments in Government securities and rupee denominated corporate bonds provided that the rate of interest does not exceed the rate notified by the Central Government in this regard. Before amendment by the Act, this benefit was available on interest payable at any time on or after the 1st day of June, 2013 but before the 1st day of June, 2015		The obtaining of TAN creates a compliance burden for those individuals or Hindu Undivided Family (HUF) who are not liable for audit under section 44AB of the Income-tax Act. The quoting of TAN for reporting of TDS is a procedural matter and the same result can also be achieved in certain cases by quoting of PAN especially for the transactions which are likely to be one time transaction such as single transaction of acquisition of immovable property from a non-resident transferor by an individual or HUF on which tax is deductible under section 195 of the Income-tax Act. For reducing the compliance burden for these types of deductors, the provisions of section 203A of the Income-tax Act have been amended so as to provide that the requirement of obtaining and quoting of TAN under section 203A of the
	The limitation date of the eligibility period for benefit of reduced rate of tax available under section 194LC in respect of external commercial borrowings (ECB) had been extended from 30th June, 2015 to 30th June, 2017 by Finance (No.2) Act, 2014.		
	Accordingly, section 194LD has been amended to provide that the concessional rate of 5% withholding tax on interest payment under section 194LD will now be available on interest		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Eligibility for appointment as Law member in the Authority for Advance Rulings (AAR)	Income-tax Act shall not apply to the notified deductors or collectors.	Abolition of levy of wealth-tax under Wealth-tax Act, 1957	section 295 of the Income-tax Act has been amended to enable CBDT to prescribe the procedure for granting relief or deduction, as the case may be, of any income-tax paid in any country or specified territory outside India, under section 90, or under section 90A, or under section 91, against the income-tax payable under the Income-tax Act.
	This amendment takes effect from 1st June, 2015.		These amendments have taken effect from 1st day of June, 2015.
	The provision of section 245-O of the Income-tax Act, before its amendment by the Act, provided that a person from Indian legal Service shall be qualified for appointment as law member who is an Additional Secretary to the Government of India.		Wealth-tax Act, 1957 (the WT Act) was introduced w.e.f. 01.04.1957 on the recommendation of Prof. Nicholas Kaldor for achieving twin major objectives of reducing inequalities and helping the enforcement of Income-tax Act through cross checks. Accordingly, all the assets of the assesseees were taken into account for computation of net-wealth. The levy of wealth-tax was thoroughly revised on the recommendation of Tax Reform Committee headed by Raja J. Chelliah vide Finance Act, 1992 with effect from 01.04.1993. The Chelliah Committee had recommended abolition of wealth-tax in respect of all items of wealth other than those which can be regarded as unproductive forms of wealth or other items whose possession could legitimately be discouraged in the social interest.
Enabling the Board to notify rules for giving foreign tax credit	In order to widen the scope for eligibility, section 245-O has been amended to provide that a person from Indian legal Service who is, or is qualified to be, an Additional Secretary to the Government of India shall be qualified for appointment as a law Member.		As per the WT Act, prior to its amendment by the Act, wealth-tax was levied on an individual or HUF or company, if the net wealth of such person exceeded Rs. 30 lakh on the valuation date, i.e. last date of the previous year. For the purpose of computation of taxable net wealth, only few specified assets are taken into account.
	This amendment has taken effect from 1st April, 2015.		
	Sub-section (1) of section 91 of the Income-tax Act provides relief to Indian residents in respect of income-tax on the income which is taxed in India as well as in the country with which there is no DTAA by providing a deduction from the Indian income-tax of a sum calculated on such doubly taxed income, at the Indian rate of tax or the rate of tax of said country, whichever is lower. In cases of countries with which India has entered into an agreement for the purposes of avoidance of double taxation under section 90 or section 90A, a relief in respect of income-tax on doubly taxed income is available as per the respective DTAAAs.		
	Income-tax Act, before amendment made by the Finance Act, 2015, did not provide the manner for granting credit of taxes paid in any country outside India. Therefore, sub-section (2) of		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	The actual collection from the levy of wealth-tax during the financial year 2011-12 was Rs.788.67 crore and during the financial year 2012-13 was Rs.844.12 crore only. The number of wealth-tax assessee was around 1.15 lakh in 2011-12. Although only a nominal amount of revenue is collected from the levy of wealth-tax, this levy created a significant amount of compliance burden on the assesseees as well as administrative burden on the department. This is because the assesseees are required to value the assets as per the provisions of Wealth-tax Rules for computation of net wealth and for certain assets like jewellery, they are required to obtain valuation report from the registered valuer. Further, the assets which were specified for levy of wealth-tax, being unproductive, such as jewellery, luxury cars, etc. are difficult to be tracked and this gives an opportunity to the assesseees to under report/under value the assets which are liable for wealth-tax. Due to this, the collection of wealth-tax over the years has not shown any significant growth and has only resulted into disproportionate compliance burden on the assesseees and administrative burden on the department. Therefore, the levy of wealth tax under the WT Act has been abolished with effect from the 1st April, 2016. It has also been provided that the objective of taxing high net worth persons shall be achieved by levying a surcharge on tax payer earning higher income as levy of surcharge is easy to collect & monitor and also does not result into any compliance burden on the assessee and administrative		burden on the department. The details regarding levy of enhanced surcharge on this account are given under the heading "Rates of Income-tax". Further the information relating to assets which is currently required to be furnished in the wealth-tax return shall be captured by suitably modifying income-tax return for assessment year 2016-17 and subsequent assessment years. This amendment takes effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
III. Measures for Widening of Tax Base and Anti-Tax avoidance measures			
	Return of Income is to be filed by 'beneficial owner' or 'beneficiary' of a foreign asset		Sub-section (1) of section 139 of the Income-tax Act specifies the category of tax payers who are required to furnish their return of income. Fourth proviso to sub-section (1) of section 139 provides that a resident who is not required to furnish a return of income but who during the previous year has any asset (including any financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish, on or before the due date, his return of income. In the budget announcement of 2015, it was stated that the requirement of furnishing of return of income will be extended to beneficial owner of assets. Before the amendment made by the Act, there was no requirement of furnishing the return if the asset was held by a person as a beneficial owner

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	or he is a beneficiary of the foreign asset. It has been found that in a large number of cases foreign assets are held in the name of trusts/entities where the assessee is a beneficial owner or is a beneficiary. As a result, he escapes the requirement of furnishing the return of income and disclosing the foreign asset. Accordingly, section 139 has been amended to provide for furnishing of return of income by the beneficial owner or beneficiary of a foreign asset. The amendment also defines the term 'beneficial owner' to mean an individual who has provided, directly or indirectly, consideration for the asset for the immediate or future benefit, direct or indirect, of himself or any other person. The term 'beneficiary' has been defined to mean an individual who derives benefit from the asset during the previous year and the consideration for such asset has been provided by any person other than such beneficiary. It has also been provided that a beneficiary of any asset (including any financial interest in any entity) located outside India is not required to furnish a return of income where, income, if any, arising from such asset is includible in the income of the beneficial owner in accordance with the provisions of the Income-tax Act. This amendment will take effect from 1st April, 2016 and will accordingly apply, in relation to the assessment year 2016-17 and subsequent assessment years.	IV. Rationalisation measures Rationalisation of definition of charitable purpose in the Income-tax Act Section 11 of the Income-tax Act deals with exemption to charitable trusts and institutions. The primary condition for grant of exemption to a trust or institution under the said section is that the income derived from property held under trust should be applied for charitable purposes in India. 'Charitable purpose' is defined in section 2(15) of the Act. The first proviso to clause (15) of section 2, inter alia, provides that advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity. However, as per the second proviso, this restriction shall not apply if the aggregate value of the receipts from the activities referred above is twenty five lakh rupees or less in the previous year. The institutions which, as part of genuine charitable activities, undertake activities like publishing books or holding program on yoga or other programs as part of actual carrying out of the objects which are of charitable nature were being put to hardship due to first and second proviso to section 2(15). The activity of Yoga has been one of the focus areas in the present times and international recognition has also been granted to it by the United Nations. Therefore, the provisions of the Income-tax Act	

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	have been amended to include 'yoga' as a specific category in the definition of charitable purpose on the lines of education. In order to ensure appropriate balance between the object of preventing business activity in the garb of charity and at the same time protecting the activities undertaken by the genuine organization as part of actual carrying out of the primary purpose of the trust or institution, the definition of 'charitable purpose' in the Income-tax Act has been amended to provide that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity, unless,- i. such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and ii. the aggregate receipts from such activity or activities, during the previous year, do not exceed twenty percent. of the total receipts, of the trust or institution undertaking such activity or activities, of that previous year. These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.	Alignment of provisions relating to taxation of Government Grants with the provisions of Income Computation and Disclosure Standards (ICDS)	Sub-section (2) of section 145 of the Income-tax Act provides that the Central Government may notify Income Computation and Disclosure Standards (ICDS) for any class of assessee or for any class of income. The CBDT notified ICDS-I to ICDS-X vide Notification No. S.O. 892(E) dated 31st March, 2015 after wide public consultations. The ICDS-VII relating to Government grants provides that all Government grants except relating to depreciable asset shall be recognised as income in accordance with the provisions of the said ICDS. The existing provisions of <i>Explanation 10</i> to clause (1) of section 43 of the Income-tax Act already contained the guidance for treatment of Government grants relating to acquisition of an asset. However, there was no specific guidance available under the provisions of the Income-tax Act for treatment of other Government grants. During the public consultations for ICDS, the stakeholders suggested that in order to avoid any future controversy in this matter, there should be specific provision in the Income-tax Act for treating these Government grants as income. The Accounting Standard Committee, which drafted the ICDS, has also examined the suggestions/ comments received during public consultations and suggested that the issue of legislative amendment for bringing certainty in this matter may be examined. In order to avoid any future litigation and controversy in this matter, the definition of income under clause (24) of section 2 of the Income-tax Act has been amended so as to provide that the income shall include assistance in the form of a subsidy or grant

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency in cash or kind to the assessee other than the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of <i>Explanation</i> 10 to clause (1) of section 43 of the Income-tax Act. As mentioned in Press Release dated 5th May, 2015, the amended definition of income shall not apply to the LPG subsidy or any other welfare subsidy received by an individual in his personal capacity and not in connection with the business or profession carried on by him.”. This amendment takes effect from 1st April, 2016 and would accordingly apply to assessment year 2016-17 and subsequent assessment years.		In the case of foreign bound ships where the destination of the voyage is outside India, there was uncertainty with regard to the manner and basis of determination of the period of stay in India for crew members of such ships who are Indian citizens. In view of the above, the Income-tax Act has been amended to provide that in the case of an individual, being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined in the manner and subject to such conditions as may be prescribed in the Income-tax Rules, 1962. Rule 126 of Income-tax Rules, 1962 notified vide S.O. No. 2240(E) dated 17th August, 2015 prescribes the manner for determination of the period of stay in India. This amendment takes effect retrospectively from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Power of the Central Board of Direct Taxes to prescribe the manner and procedure for computing the period of stay in India.	Clause (1) of section 6 of the Income-tax Act provides the conditions under which an individual is held to be resident in India. The said clause, <i>inter alia</i>, provides that an individual is said to be resident in India in any previous year if he, having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty five days or more, is in India for a period or periods amounting in all to sixty days or more in that year. However, in the case of an individual, being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship, the above mentioned condition of sixty days is extended to one hundred and eighty-two days.	Amendment to the conditions for determining residency status in respect of Companies	The provisions of section 6 of the Income-tax Act provide for the conditions under which a person can be said to be resident in India for a previous year. In respect of a person being a company the conditions are contained in clause (3) of section 6 of the said Act. Under the said clause, before its amendment by the Act, a company was said to be resident in India in any previous year, if- - it is an Indian company; or - during that year, the control and management of its affairs is situated wholly in India.

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	Due to the requirement that whole of control and management should be situated in India and that too for whole of the year, the condition had been rendered practically inapplicable. A company could easily avoid becoming a resident by simply holding a board meeting outside India. This could facilitate creation of shell companies which are incorporated outside but controlled from India. ‘Place of effective management’ (POEM) is an internationally recognized concept for determination of residence of a company incorporated in a foreign jurisdiction. Most of the tax treaties entered into by India recognise the concept of POEM for determination of residence of a company as a tie-breaker rule for avoidance of double taxation. Many countries prefer the POEM test to be appropriate test for determination of residence of a company. The principle of POEM is recognized and accepted by Organisation of Economic Cooperation and Development (OECD) also. The OECD commentary on model convention provides definition of place of effective management to mean the place where key management and commercial decisions that are necessary for the conduct of the entity’s business as a whole, are, in substance, made. The modification in the condition of residence in respect of company by including the concept of effective management would align the provisions of the Income-tax Act with the DTAs entered into by India with other countries and would also be in line with international standards. It would also be a measure to deal with cases of creation of shell		companies outside India but being controlled and managed from India. In view of the above, section 6 of the Income-tax Act has been amended to provide that a person being a company shall be said to be resident in India in any previous year, if- - it is an Indian company; or - its place of effective management, in that year, is in India . Further, the “place of effective management” has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made. These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years. The provisions of section 9 of the Income-tax Act deal with cases of income which are deemed to accrue or arise in India. Sub-section (1) of the said section creates a legal fiction that certain incomes shall be deemed to accrue or arise in India. Clause (i) of said sub-section (1) provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India. The said clause provides that all income accruing or arising, whether directly or indirectly, through or from any business connection in India, or through or from any property in India, or through or from any asset or source of income in India, or through the transfer of a
		Clarity relating to Indirect transfer provisions	

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	capital asset situate in India shall be deemed to accrue or arise in India.		located in India, if on the specified date, the value of Indian assets,-
	The Finance Act, 2012 had inserted certain clarificatory amendments in the provisions of section 9. The amendments, <i>inter alia</i> , included insertion of <i>Explanation 5</i> in section 9(1) (i) w.e.f. 01.04.1962. The <i>Explanation 5</i> clarified that an asset or capital asset, being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be situated in India if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.		(a). exceeds the amount of ten crore rupees ; and
	Considering the concerns raised by various stakeholders regarding the scope and impact of these amendments, an Expert Committee under the Chairmanship of Dr. Parthasarathi Shome was constituted by the Government to go into the various aspects relating to the amendments.	(ii)	value of an asset shall mean the fair market value of such asset without reduction of liabilities, if any, in respect of the asset.
	The recommendations of the Expert Committee were considered and a number of recommendations (either in full or with partial modifications) were accepted for implementation either by way of an amendment of the Act or by way of issuance of a clarificatory circular in due course. In order to give effect to the recommendations, the provisions of section 9 relating to indirect transfer have been amended by the Act to provide that:-	(iii)	the specified date of valuation shall be the date on which the accounting period of the company or entity, as the case may be, ends preceding the date of transfer.
	(i) the share or interest of a foreign company or entity shall be deemed to derive its value substantially from the assets (whether tangible or intangible)	(iv)	however, if the book value of the assets of the company on the date of transfer exceeds by at least 15% of the book value of the assets as on the last balance sheet date preceding the date of transfer, then instead of the date mentioned in (iii) above, the date of transfer shall be the specified date of valuation.
		(v)	the manner of determination of fair market value of the Indian assets vis-a vis global assets of the foreign company shall be prescribed in the rules.
		(vi)	the taxation of gains arising on transfer of a share or interest deriving,

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	directly or indirectly, its value substantially from assets located in India will be on proportional basis. The method for determination of proportionality shall be prescribed in the rules.		(b) nor holds any right in, or in relation to, such company or entity which would entitle him to the right of control or management of the direct holding company or entity, nor holds such percentage of voting power, or share capital or interest in such company or entity which entitles him to the voting power, or share capital or interest exceeding five percent in the direct holding company or entity.
(vii)	the exemption shall be available to a non-resident from transfer, outside India, of a share of, or interest in, a foreign company or entity if such foreign company or entity directly owns the assets situated in India and the transferor along with its associated enterprises, at any time in twelve months preceding the date of transfer, (a) neither holds the right of control or management in relation to such company or entity, (b) nor holds voting power or share capital or interest exceeding five per cent. of the total voting power or total share capital or total interest, in the foreign company or entity .	(ix)	exemption shall be available in respect of any transfer, subject to certain conditions ,in a scheme of amalgamation, of a capital asset, being a share of a foreign company which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company.
(viii)	in case the transfer is of shares or interest in a foreign company or entity which holds the Indian assets indirectly, then the exemption shall be available to the transferor if he along with its associated enterprises, at any time in 12 months preceding the date of transfer,- (a) neither holds the right of management or control in relation to such company or the entity,	(x)	exemption shall be available in respect of any transfer, subject to certain conditions, in a demerger, of a capital asset, being a share of a foreign company which derives, directly or indirectly, its value substantially from the

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	share or shares of an Indian company, held by the demerged foreign company to the resulting foreign company.	Clarity regarding source rule in respect of interest received by the non-resident in certain cases	The provisions of section 5 of the Income-tax Act provide for scope of total income for the purposes of its chargeability to tax. In case of a non-resident person, the chargeability of income in India is on the basis of source rule under which certain categories of income are deemed to accrue or arise in India. The provisions of section 9 provide for the circumstances under which income is deemed to accrue or arise in India. Section 9(1) (v) relates specifically to the interest income. The said clause provides that the income by way of interest is deemed to accrue or arise in India if it is payable by-
(xi)	there shall be a reporting obligation on Indian concern through or in which the Indian assets are held by the foreign company or the entity. The Indian entity shall be obligated to furnish information relating to the off-shore transaction having the effect of directly or indirectly modifying the ownership structure or control of the Indian company or entity. In case of any failure on the part of Indian concern in this regard a penalty shall be leviable under section 271GA. The penalty shall be-		(a) the Government ; or
	(a) a sum equal to two percent of the value of the transaction in respect of which such failure has taken place if such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern; and		(b) a person who is a resident, except where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India ; or
	(b) a sum of five lakh rupees in any other case.		(c) a person who is a non-resident, where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person in India.
	These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.		Section 90 of the said Act provides that Central Government may enter into an agreement with the Government of any country or specified territory outside India among

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	other things for providing relief from double taxation. India has entered into Double Taxation Avoidance Agreements (DTAAs) with more than 90 countries. Further sub-section (2) of the section provides that in respect of an assessee to whom such DTAA applies, the provisions of the Act shall apply to the extent they are more beneficial to him. Therefore, the taxpayer is entitled to relief from the provisions of the Income-tax Act if such relief is available under the DTAA and to that extent the provisions of the Income-tax Act are not applicable. Further, income of a non-resident from business activity is taxable in India if it has a business connection in India in accordance with the provisions contained in section 9(1)(i) of the Income-tax Act, and only such income is taxable as is attributable to the business connection. Similarly, under the DTAA, income from business activity in the case of a non-resident shall be taxable only if such non-resident has a PE in India and only such income is taxable which is attributable to the PE. The concept of PE is almost on similar lines as business connection with variations as per different DTAAs. The DTAA further provides the manner of computation of income attributable to the PE. It is provided that for the purpose of computation of income, the PE shall be deemed to be an independent enterprise with certain restrictions regarding allowability of expense paid to head office by the PE. Under DTAAs, in case of a banking company, the interest paid by a PE to its head office and other branches is allowed as deduction by treating such a permanent establishment as an independent enterprise.		The CBDT, in its Circular No. 740 dated 17/4/1996 had clarified that branch of a foreign company in India is a separate entity for the purpose of taxation under the Income-tax Act and, accordingly, TDS provisions would apply along with separate taxation of interest paid to head office or other branches of the non-resident, which would be chargeable to tax in India. Some of the judicial rulings in this context have held that although under the provisions of the Income-tax Act the payment of interest by the branch to head office is non-deductible under domestic law, being payment to the self, however, such interest is deductible due to computation mechanism provided under the DTAA but it is not taxable in the hands of the Bank, being income generated from self. The view expressed in the CBDT circular has not found favour in these judicial decisions. If the legal fiction created under the treaty were treated to be of limited effect, it would have led to base erosion. The interest paid by the permanent establishment to the head office or other branch etc. is an interest payment sourced in India and is liable to be taxed under the source rule in India. This position is also recognised in some of our DTAAs, in particular Article 14 (3) the Indo-USA DTAA which reads as under:- "In the case of a banking company which is resident of the United States, the interest paid by the permanent establishment of such a company in India to the head office may be subject in India to tax in addition to the tax imposable under the other provisions of this Convention at

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	a rate which shall not exceed the rate specified in paragraph 2(a) of Article 11 (Interest)" The Special Bench of the Income-tax Appellate Tribunal (ITAT) in the case of Sumitomo Mitsui Banking Corporation [136 ITD- 66 TBOM] had mentioned that there are instances of other countries providing for specific provisions in their domestic law which allows for the taxability of interest paid by a permanent establishment to its head office and other branches and had pointed out absence of such a specific provision in the Income-tax Act. Considering that there were several disputes on the issue which were pending and likely to arise in future, it was essential that necessary clarity and certainty is provided for in the Income-tax Act. Accordingly, the Income-tax Act has been amended to provide that in the case of a non-resident, being a person engaged in the business of banking, any interest payable by the permanent establishment in India of such non-resident to the head office or any permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India and shall be chargeable to tax in addition to any income attributable to the permanent establishment in India. The permanent establishment in India shall be deemed to be a person separate and independent of the non-resident person of which it is a permanent establishment and the provisions of the Income-tax Act relating to computation of total income, determination of tax and collection and recovery would apply. Accordingly, the PE in India shall be obligated to deduct tax at source on any interest payable to		either the head office or any other branch or PE, etc. of the non-resident outside India. Further, non-deduction would result in disallowance of interest claimed as expenditure by the PE and may also attract levy of interest and penalty in accordance with relevant provisions of the Income-tax Act. These amendments take effect from 1st April, 2016 and will, accordingly, apply to the assessment year 2016-17 and subsequent assessment years. The Income Computation and Disclosure Standards (ICDS)-IX relating to borrowing costs provides for capitalisation of borrowing costs incurred for acquisition of assets up to the date the asset is put to use. The proviso to clause (iii) of sub-section (1) of section 36 of the Income-tax Act provided for capitalisation of borrowing costs incurred for acquisition of assets for extension of existing business up to the date the asset is put to use. However, the provisions of ICDS-IX do not make any distinction between the asset acquired for extension of business or otherwise. Therefore, there was an inconsistency between the provisions of proviso to clause (iii) of sub-section (1) of section 36 of the Income-tax Act and the provisions of ICDS-IX. The general principles for capitalisation of borrowing cost requires capitalisation of borrowing cost incurred for acquisition of an asset up to the date the asset is put to use without making any distinction whether the asset is acquired for extension of existing business or not. The Accounting Standard Committee, which drafted the
		Alignment of provisions relating to capitalisation of interest and claim of deduction of bad debts with the provisions of the Income Computation and Disclosure Standards (ICDS)	

Amendment	Rationale for Amendment
	ICDS, also recommended that there is a need to carry out suitable amendments to provisions of the proviso to clause (iii) of sub-section (1) of section 36 of the Income-tax Act for aligning the same with the general capitalisation principles. In view of the above, the provisions of proviso to clause (iii) of sub-section (1) of section 36 of the Income-tax Act have been amended so as to provide that the borrowing cost incurred for acquisition of an asset shall be capitalised up to the date the asset is put to use without making any distinction as to whether an asset is acquired for extension of existing business or not. The provisions of the ICDS are applicable for computation of income and not for the purposes of maintenance of books of account. There may be cases where the income is recognised for computation of taxable income in accordance with the provisions of ICDS without recording the same in the books of account and such income may be required to be reversed in accordance with the provisions of the ICDS. For claiming bad debt, the provisions of section 36(1)(vii) of the Income-tax Act, inter alia, require that the amount should be written off in the accounts of the assessee. Therefore, the reversal of income in accordance with the provisions of the ICDS may not be allowable on the ground that same has not been written off in the accounts as per the provisions of section 36(1)(vii) of the Income-tax Act. In view of this, a proviso has been inserted in section 36(1)(vii) of the Income-tax Act so as to provide that for claiming deduction under section 36(1)(vii) of the Income-tax Act, the income which have

Amendment	Rationale for Amendment
	been recognised as per the provisions of ICDS without recording in the accounts and is required to be written off as irrecoverable as per the provisions of ICDS, it shall be deemed to be written off as irrecoverable in the accounts. These amendments take effect from 1st April, 2016 and would accordingly apply to assessment year 2016-17 and subsequent assessment years.
Cost of acquisition of a capital asset in the hands of resulting company to be the cost for which the demerged company acquired the capital assets	Under clause (vi b) of section 47 of the Income-tax Act any capital asset transferred by the demerged company to the resulting company in the scheme of demerger is not regarded as transfer if the resulting company is an Indian company. In such cases the cost of such asset in the hands of resulting company should be the cost of such asset in the hands of demerged company as increased by the cost of improvement, if any, incurred by the demerged company or the resulting company as the case may be. Further, the period of holding of such asset in the hands of resulting company should include the period for which the asset was held by the demerged company. However, under the provisions of the Income-tax Act, before amendment made by the Finance Act, 2015, there was no express provision to this effect. Accordingly, sub-clause (e) of clause (iii) of sub-section (1) of section 49 of the Income-tax Act has been amended so as to provide that the cost of acquisition of an asset acquired by resulting company shall be the cost for which the demerged company acquired the capital asset as increased by the cost of improvement incurred by the

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Deferment of provisions relating to General Anti Avoidance Rule (GAAR)	demerged company or the resulting company, as the case may be, and the period of holding of a capital asset in the hands of the resulting company shall include the period for which the asset was held by the demerged company.		are implemented as part of a comprehensive regime to deal with BEPS and aggressive tax avoidance.
	This amendment will take effect from 1st April, 2016 and will accordingly apply, in relation to the assessment year 2016-17 and subsequent assessment years.		Accordingly, the Income-tax Act has been amended to defer the implementation of GAAR by two years and GAAR provisions have been made applicable to the income of the financial year 2017-18 (Assessment Year 2018-19) and subsequent years. Further, investments made up to 31.03.2017 will be protected from the applicability of GAAR by undertaking amendment in the relevant rules in this regard.
	The provisions of the General Anti Avoidance Rule (GAAR) introduced by the Finance Act, 2013 are contained in Chapter X-A (consisting of section 95 to 102) and section 144BA of the Income-tax Act. Chapter X-A provides the substantive provision of GAAR whereas section 144BA provides the procedure to be undertaken for invoking GAAR and passing of the assessment order in consequence of GAAR provisions being invoked.	Amendments relating to Global Depository receipts (GDRS)	This amendment takes effect from 1st April, 2015.
	As provided in the Income-tax Act before its amendment, GAAR provisions were to come into effect from 1.04.2016. These provisions, therefore, would have been applicable to the income of the financial year 2015-16 (Assessment Year 2016-17) and subsequent years.		The Depository Receipts Scheme, 2014 was notified by the Department of Economic affairs (DEA) vide Notification F.No.9/1/2013-ECB dated 21st October, 2014. This scheme replaces "Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through depository receipt mechanism) Scheme, 1993".
	The implementation of GAAR provisions was reviewed. Concerns had been expressed regarding certain aspects of GAAR. Further, it was noted that the Base Erosion and Profit Shifting (BEPS) project under OECD is continuing and India is an active participant in the project. The report on various aspects of BEPS and recommendations regarding the measures to counter it are awaited. It would, therefore, be proper that GAAR provisions		The taxation scheme of income arising in respect of depository receipts under section 115AC of the Income-tax Act, before amendment by the Act, was aligned with the earlier scheme which was limited to issue of Global Depository Receipts (GDRs) based on the underlying shares of the company issued for this purpose (i.e. sponsored GDR) or FCCB of the issuing company and where the company was either a listed company or was to list simultaneously. Besides, the holder of such GDRs was a non-resident only. Further, section 47(viia) provided exemption from capital gains arising from transfer of GDRs by

Amendment	Rationale for Amendment
	one non-resident to another non-resident made outside India. As per the new depository scheme, Depository Receipts (DRs) can be issued against the securities of listed, unlisted or private or public companies against underlying securities which can be debt instruments, shares or units etc; Further, both the sponsored issues and unsponsored deposits and acquisitions are permitted. DRs can be freely held and transferred by both residents and non-residents. Further, the process of conversion of DRs into the underlying shares involves the non-resident holding the DRs in the overseas market giving instruction to its foreign broker regarding cancellation of DRs and release of underlying shares. The foreign broker then delivers the DRs to the foreign depository for cancellation and instructs it to deliver the underlying shares into a demat account held by the foreign investor in India. The foreign depository thereafter cancels the DRs and issues an instruction to its local custodian in India to release and deliver the underlying shares into the special demat account in India. The local custodian in India delivers the shares to the specified 'DR type' demat account and informs the foreign depository of the completion of the process. The foreign investor may choose to hold the underlying shares or sell them in India (either on exchange through a SEBI registered broker or through private arrangement). Since the tax benefits under the Income-tax Act were intended to be provided in respect of sponsored GDRs and listed companies only, the definition of GDR in section 115ACA of the

Amendment	Rationale for Amendment
	said Act has been amended to mean only those instruments i.e. depository receipts as are issued to non-resident investors against, (i) ordinary shares of issuing company, being a company listed on a recognised stock exchange in India; or (ii) foreign currency convertible bonds of issuing company. Clause (42A) of section 2 of the Income-tax Act has been amended to provide that in the case of a capital asset, being share or shares of a company, which is acquired by the non-resident assessee on redemption of Global Depository Receipts held by such assessee, the period of holding shall be reckoned from the date on which request of such redemption was made. Section 49 (2ABB) has been inserted in the Income-tax Act to provide that where the capital asset being share of a company is acquired by the non-resident assessee on redemption of GDRs held by him, then the cost on acquisition of the share shall be the price of such share prevailing on any recognized stock exchange in India on the date on which a request for redemption was made. In view of the process of conversion of GDR into underlying shares referred to above, the "date on which a request for redemption was made" for purposes of Section 49(2ABB), shall be the date on which the instruction from foreign depository is received by the local custodian in India requesting the release of underlying shares in favour of the non-residence assessee.

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	The GDRs which qualify for special treatment under the Income-tax Act constitute a subset of Depository receipts which can be issued under the Depository Scheme, 2014. Therefore, the benefit under section 115-AC, section 47 and section 49 (2ABB) of the Income-tax Act are available only if the GDR has been issued against the ordinary shares of the issuing company, being a company listed on a recognized stock exchange in India ('sponsored' issue). The benefit of these sections would not be available in respect of depository receipts issued other than under sponsored issuance of a listed company. Accordingly:- (i) The gains arising on transfer of such depository receipt (i.e. other than sponsored issue) between non-resident investors, outside India, would not be exempt from Capital gains; (ii) On conversion of these DRs into the underlying shares, the provision of Section 49 (2ABB) shall not apply and the cost of acquisition of such underlying shares on conversion of DR shall be the cost at which DR had been acquired by the investor. These amendments take effect from the 1st day of April, 2016 and will, accordingly, apply to the assessment year 2016-17 and subsequent assessment years.		section 148 of the Income-tax Act. Under certain specified circumstances, the Assessing Officer (AO) is required to obtain sanction before issue of notice under section 148. Section 151, before amendment made by the Finance Act, 2015, specified different sanctioning authorities based on- (i) whether scrutiny under sub-section (3) of section 143 or section 147 has been made earlier or not, (ii) whether notice is proposed to be issued within or after four years from the end of relevant assessment year, and (iii) the rank of the Assessing Officer proposing to issue notice. In order to provide simplicity, section 151 has been amended so as to provide that no notice under section 148 shall be issued by an assessing officer upto four years from the end of relevant assessment year without the approval of Joint Commissioner and beyond four years from the end of relevant assessment year without the approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner. This amendment has taken effect from 1st day of June, 2015.
Simplification of approval regime for issue of notice for re-assessment	Section 151 of the Income-tax Act provides for sanction from certain authorities before issue of notice, for reassessment of income escaping assessment, under	Procedure for appeal by revenue when an identical question of law is pending before Supreme Court	Section 158A of the Income-tax Act provides that during pendency of proceedings in his case for an assessment year an assessee can submit a claim before AO or any appellate authority that a question of law arising in the instant case is identical with the question of law already pending in his own case before the High Court or Supreme Court for another assessment year and if the AO or any appellate authority agrees to apply the final decision on the question of law in that earlier year to the present year, he will not

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	agitate the same question of law once again for the present year before higher appellate authorities. There were no parallel provisions in the Income-tax Act, before amendments made by the Finance Act, 2015, enabling revenue not to file appeal for subsequent years where the Department is in appeal on the same question of law for an earlier year. As a result, appeals had been filed by the revenue year after year on the same question of law until it is finally decided by the Supreme Court thus, multiplying litigation. Accordingly, a new section 158AA has been inserted to provide that where any question of law arising in the case of an assessee for any assessment year(relevant case) is identical with a question of law arising in his case for another assessment year which is pending before the Supreme Court, in an appeal or in a special leave petition under Article 136 of the Constitution filed by the revenue, against the order of the High Court, the Commissioner or Principal Commissioner may, instead of directing the AO to appeal to the Appellate Tribunal under sub-section (2) or sub-section (2A) of section 253 (normal provisions of appeal by revenue to Appellate Tribunal), direct the AO to make an application to the Appellate Tribunal in the prescribed form within sixty days from the date of receipt of order of the Commissioner (Appeals) stating that an appeal on the question of law arising in the relevant case may be filed when the decision on the question of law becomes final in the earlier case. The Commissioner or Principal Commissioner shall give such		direction only if an acceptance is received from the assessee to the effect that the question of law in the other case is identical to that arising in the relevant case. However, in case no such acceptance is received, the Commissioner or Principal Commissioner may, if he objects to the order passed by the Commissioner (Appeals), direct the AO to appeal to the Appellate Tribunal as per the normal provisions of appeal to Appellate Tribunal. It has also been provided that where the order of the Commissioner (Appeals) is not in conformity with the final decision on the question of law in the other case (if the Supreme Court decides the earlier case in favour of the Department), the Commissioner or Principal Commissioner may direct the AO to appeal to the Appellate Tribunal against such order within sixty days from the date on which the order of the Supreme Court in the other case is communicated to the Commissioner or Principal Commissioner and save as otherwise provided in the said section 158AA, all other provisions of Part B of Chapter XX shall apply accordingly. This amendment has taken effect from the 1st day of June, 2015. Under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (EPF & MP Act, 1952), certain specified employers are required to comply with the Employees Provident Fund Scheme, 1952 (EPFS). However, these employers are also permitted to establish and manage their own private provident fund scheme (PPFS) subject to fulfilment of certain conditions. The provident funds
		Simplification of Tax Deduction at Source (TDS) mechanism for Employees Provident Fund Scheme (EPFS)	

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	established under a scheme framed under EPF & MP Act, 1952 or PPFS exempted under section 17 of the said Act and recognised under the Income-tax Act are termed as Recognised Provident fund (RPF) under the Income-tax Act. The provisions relating to RPF are contained in Part A of the Fourth Schedule (Schedule IV-A) to the Income-tax Act. Under the existing provisions of rule 8 of Schedule IV-A of the Income-tax Act, the withdrawal of accumulated balance by an employee from the RPF is exempt from taxation. However, in order to discourage pre-mature withdrawal and to promote long term savings, it has been provided that such withdrawal shall be taxable if the employee makes withdrawal before continuous service of five years (other than the cases of termination due to ill health, closure of business, etc.) and does not opt for transfer of accumulated balance to any recognised provident fund maintained by the new employer. Rule 9 of the said Schedule further provides computation mechanism for determining tax liability of the employee in respect of such pre-mature withdrawal. For ensuring collection of tax in respect of these withdrawals, rule 10 of Schedule IV-A provides that the trustees of the RPF, at the time of payment, shall deduct tax as computed in rule 9 of Schedule IV-A. Rule 9 of Schedule IV-A to the Income-tax Act provides that the tax on withdrawn amount is required to be calculated by re-computing the tax liability of the years for which the contribution to RPF has been made by treating the same as contribution to unrecognized provident fund. The trustees of PPFS, being generally		part of the employer group, have access to or can easily obtain the information regarding taxability of the employee making pre-mature withdrawal for the purposes of computation of the amount of tax liability under rule 9 of the Schedule-IV-A of the Act. However, at times, it is not possible for the trustees of EPFS to get the information regarding taxability of the employee such as year-wise amount of taxable income and tax payable for the purposes of computation of the amount of tax liability under rule 9 of the Schedule-IV-A of the Income-tax Act. In view of the above, a new section 192A has been inserted in Income-tax Act for deduction of tax at the rate of 10% on pre-mature taxable withdrawal from EPFS. However, deduction of tax on pre-mature withdrawal from the PPFS i.e. private provident fund exempted under section 17 of the EPF & MP Act, 1952 and recognised under the Income-tax Act shall continue to be made in accordance with the rule 10 of the schedule IV-A read with sub-section (4) of section 192 of the Income-tax Act. Further, to reduce the compliance burden of the employees having income below the taxable limit, a threshold of payment of Rs.30,000/- for applicability of this newly inserted section has been provided. In spite of providing this threshold for applicability of deduction of tax, there may be cases where the tax payable on the total income of the employees may be nil even after including the amount of pre-mature withdrawal. For reducing the compliance burden of these categories of employees, it is further provided that the facility of filing self-

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	declaration for non-deduction of tax under section 197A of the Income-tax Act shall be available to the employees receiving pre-mature withdrawal i.e. an employee can give a declaration in Form No. 15G to the effect that his total income including taxable pre-mature withdrawal from EPFS does not exceed the maximum amount not chargeable to tax and on furnishing of such declaration, no tax will be deducted by the trustee of EPFS while making the payment to such employee. Similar facility of filing self-declaration in Form No. 15H for non-deduction of tax under section 197A of the Income-tax Act has been extended to the senior citizen employees receiving pre-mature withdrawal. Some employees making pre-mature withdrawal may be paying tax at higher slab rates (20% or 30%). Therefore, the shortfall in the actual tax liability vis-à-vis TDS is required to be paid by these employees either by requesting their new employer to deduct balance tax or through payment of advance tax/ self-assessment tax. For ensuring the payment of balance tax by these employees, furnishing of valid PAN by them to the EPFS is a prerequisite. The existing provisions of section 206AA of the Income-tax Act provide for deduction of tax @ 20% in case of non-furnishing of PAN where the rate of deduction of tax at source is specified. As mentioned earlier, there may be employees who may be liable to pay tax at the highest slab rate. In order to ensure the collection of balance tax from these employees, it has also been provided that non-furnishing of PAN to the EPFS for receiving these payments shall attract deduction of tax at the maximum	Rationalisation of provisions relating to deduction of tax on interest (other than interest on securities)	marginal rate. These amendments take effect from 1st June, 2015. Section 194A(1) read with section 194A(3)(i) of the Income-tax Act provides for deduction of tax on interest (other than interest on securities) over a specified threshold, i.e. Rs.10,000 for interest payment by banks, co-operative society engaged in banking business (co-operative bank) and post office and Rs.5,000 for payment of interest by other persons. Further, sub-section (3) of section 194A inter alia also provides for exemption from deduction of tax in respect of following interest payments by co-operative society: - interest payment by a co-operative society to a member thereof or any other co-operative society. [Section 194A(3)(v) of the Income-tax Act] - Interest payments on deposits by a primary agricultural credit society or primary credit society or co-operative land mortgage bank or co-operative land development bank. [Section 194A(3)(vii)(a) of the Income-tax Act] - Interest payment on deposits other than time deposit by a co-operative society engaged in the business of banking other than those mentioned in section 194A(3)(vii)(a) of the Act. [Section 194A(3)(vii)(b) of the Income-tax Act] Therefore, as per the provisions of section 194A(1) read with

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	provisions of sections 194A(3)(i)(b) and 194A(3)(vii)(b), co-operative bank is required to deduct tax from interest payment on time deposits if the amount of such payment exceeds specified threshold of Rs.10,000/-. However, as the provisions of section 194A(3)(v) of the Income-tax Act provide a general exemption from making tax deduction from payment of interest by all co-operative societies to its members, the co-operative banks tried to avail this exemption by making their depositors as members of different categories. This has led to dispute as to whether the co-operative banks, for which the specific provisions of tax deduction exist in the form of section 194A (1), section 194A(3)(i)(b) and section 194A(3)(vii)(b) of the Income-tax Act, can take the benefit of general exemption provided to all co-operative societies from deduction of tax on payment of interest to members. The matter has been carried to judicial forums and in some cases a view has been taken that the provisions of section 194A(3)(vii)(b) of the Income-tax Act makes no distinction between members and non-members of co-operative banks for the purposes of deduction of tax, hence, the co-operative banks are required to deduct tax on payment of interest on time deposit and cannot avoid the same by taking the plea of the general exemption provided under section 194A(3)(v) of the Income-tax Act. This is because the specific provision of tax deduction provided under section 194A(3)(i)(b) and 194A(3)(vii)(b) of the Income-tax Act for co-operative banks override the general exemption provided to all co-operative		societies for non-deduction of tax from interest payment to members under section 194A(3)(v) of the Income-tax Act. As there is no difference in the functioning of the co-operative banks and other commercial banks, the Finance Act, 2006 and Finance Act, 2007 amended the provisions of the Income-tax Act to provide for co-operative banks a taxation regime which is similar to that for the other commercial banks. Therefore, there is no rationale for treating the co-operative banks differently from other commercial banks in the matter of deduction of tax and allowing them to avail the exemption meant for smaller credit co-operative societies formed for the benefit of small number of members. However, as mentioned earlier, a doubt has been created regarding the applicability of the specific provisions mandating deduction of tax from the payment of interest on time deposits by the co-operative banks to its members by claiming that general exemption is also applicable for payment of interest to member depositors. In view of this, the provisions of the section 194A(3)(v) of the Income-tax Act have been amended so as to expressly provide that the exemption provided from deduction of tax from payment of interest to members by a co-operative society under section 194A(3)(v) of the Income-tax Act shall not apply to the payment of interest on time deposits by the co-operative banks to its members. As this amendment is effective from the prospective date of 1st June, 2015, the co-operative bank shall be required to deduct

Amendment	Rationale for Amendment
	tax from the payment of interest on time deposits of its members, on or after the 1st June, 2015. Hence, a cooperative bank was not required to deduct tax from the payment of interest on time deposits of its members paid or credited before 1st June, 2015. However, the existing exemption provided under section 194A(3)(viiia)(a) of the Income-tax Act to primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank from deduction of tax in respect of interest paid on deposit shall continue to apply. Therefore, these co-operative credit societies/banks referred to in said clause (viiia)(a) of section 194A(3) of the Income-tax Act shall not be required to deduct tax on interest payment to depositors even after the said amendment. Further, the existing exemption provided under section 194A(3)(v) of the Income-tax Act from deduction of tax from interest paid by a co-operative society to another co-operative society shall continue to apply to the co-operative bank and, therefore, a co-operative bank shall not be required to deduct tax from the payment of interest on time deposit to a depositor, being a co-operative society. The existing provision of tax deduction at source (TDS) on payment of interest by banking company or co-operative bank applies only to the interest payment on time deposits made on or after the 1st day of July, 1995. The definition of "time deposits" provided in the section 194A of the Income-tax Act excludes recurring deposit from its scope. Therefore, payment of interest on recurring deposits by

Amendment	Rationale for Amendment
	banking company or co-operative bank was not subject to TDS. The recurring deposit is also made for a fixed tenure and, therefore, is akin to time deposit. In view of this, the definition of 'time deposits' as provided in Explanation 1 below clause (xi) of sub-section (3) of section 194A of the Income-tax Act has been amended so as to include recurring deposits within its scope for the purposes of deduction of tax under section 194A of the Income-tax Act. However, the existing threshold limit of Rs 10,000 for non-deduction of tax shall also be applicable in case of interest payment on recurring deposits to safeguard interests of small depositors. The proviso to clause (i) of sub-section (3) of section 194A of the Income-tax Act provides that the interest income for the purpose of deduction of tax by the banking company or the co-operative society engaged in carrying on the business of banking or the public company shall be computed with reference to a branch of these entities. As currently, most of these entities are computerised and follow core banking solutions for crediting interest, there is no rationale for continuing branch wise calculation of interest by the entities which have adopted core banking solutions. Therefore, a new proviso has been inserted to section 194A(3)(i) of the Income-tax Act so as to provide that in case of a banking company or co-operative society or the public company which has adopted core banking solution, the computation of interest income for the purposes of deduction of tax under section 194A of the Income-tax Act shall be made with reference to the income

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	credited or paid by the banking company or the co-operative society or the public company. Under section 194A(3)(ix) of the Income-tax Act, tax is not required to be deducted from the interest credited or paid on the compensation amount awarded by the Motor Accident Claim Tribunal if the amount of such interest credited or paid during a financial year does not exceed Rs.50,000/-. Finance (No.2) Act, 2009 amended the provisions of section 56 of the Income-tax Act and substituted section 145A of the income-tax Act to, inter alia, provide that interest income received on compensation or enhanced compensation shall be deemed to be the income of the year in which the same has been received. However, the provisions of section 194A(3)(ix) of the Income-tax Act provided for deduction of tax from interest paid or credited on compensation, whichever is earlier. Section 145A (b) of the Income-tax Act provides an exception to method of accounting contained in section 145 of the Income-tax Act and provides for taxation of interest on compensation on receipt basis only. Therefore, deduction of tax on such interest on mercantile/ accrual basis results into undue hardship and mismatch. Hence, the provisions of section 194A(3) of the Income-tax Act has been amended so as to provide that deduction of tax under section 194A of the Income-tax Act from interest payment on the compensation amount awarded by the Motor Accident Claim Tribunal compensation shall be made only at the time of payment, if the amount of such payment or aggregate amount of such payments during a financial year exceeds Rs.50,000/-.	Clarification regarding deduction of tax from payments made to transporters	These amendments take effect from 1st June, 2015. Under the provisions of section 194C of the Income-tax Act payment to contractors is subject to TDS at the rate of 1% in case the payee is an individual or Hindu undivided family and at the rate of 2% in case of other payees if such payment exceeds Rs. 30,000/- or aggregate of such payment in a financial year exceeds Rs. 75,000/-. Prior to 01.10.2009, section 194C of the Income-tax Act provided for exemption from TDS to an individual transporter who did not own more than two goods carriage at any time during the previous year. The Finance (No.2) Act, 2009 substituted section 194C of the Income-tax Act with effect from 01.10.2009, which inter alia provided for non- deduction of tax from payments made to the contractor during the course of plying, hiring and leasing goods carriage if the contractor furnishes his Permanent Account Number (PAN) to the payer. The memorandum explaining the provisions of Finance (No.2) Bill, 2009 indicates that the intention was to exempt only small transport operators (as defined in section 44AE of the Income-tax Act) from the purview of TDS on furnishing of PAN. Thus, the intention was to reduce the compliance burden on the small transporters. However, the language of sub-section (6) of section 194C of the Income-tax Act did not convey the desired intention and as a result all transporters, irrespective of their size, were claiming exemption from TDS under the existing provisions of sub-section (6) of section 194C of the Income-tax Act by furnishing their PAN.

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	As there is no rationale for exempting payment to all transporters, irrespective of their size, from the purview of TDS, the provisions of section 194C(6) of the Income-tax Act have been amended so as to expressly provide that the relaxation under sub-section (6) of section 194C of the Income-tax Act for non-deduction of tax shall only be applicable to the payment in the nature of transport charges (whether paid by a person engaged in the business of transport or otherwise) made to a contractor who is engaged in the business of transport i.e. plying, hiring or leasing goods carriage and who is eligible to compute income as per the provisions of section 44AE of the Income-tax Act (i.e. a person who is not owning more than 10 goods carriages at any time during the previous year) and who has also furnished a declaration to this effect along with his PAN, to the person paying such sum. Further, this exemption from TDS is applicable only in respect of transport charges received for plying, hiring or leasing of goods carriage (s) owned by the transporter. Therefore, if a person receives payment in respect of plying, hiring or leasing of goods carriage (s) which are not owned by him, he shall not be entitled to claim exemption from TDS in respect of these payments. The condition of not owning more than ten goods carriages by the transporter is required to be fulfilled on the date on which the amount is credited or paid, whichever is earlier. In case a transporter does not own ten goods carriages on the date on which the amount is credited or paid but becomes owner of ten goods carriages later		in the previous year, the payer shall not be required to deduct tax from the payment made to the transporter during the period of the previous year when he was not owning more than ten goods carriages. However, the tax shall be required to be deducted from the payment made during that part of the previous year during which the transporter owned more than ten goods carriages. Further, for determining the aggregate amounts of sum credited or paid for the purposes of proviso to sub-section (5) of section 194C all the payment made during the financial year shall be taken into account including the amount credited or paid during the period of the financial year during which the transporter was not owning more than ten goods carriages. However, as the provisions of section 194C(6) were amended with effect from 1st June, 2015, for determining the aggregate payments for the financial year 2015-16, the payments made on or after 1st June, 2015 shall only be taken into account. This is explained by way of following illustration:- 'T', an individual owns five goods carriages from 1st April, 2015 to 31st October, 2015. On 1st November, 2015, he purchased 6 more goods carriages. On 1st January, 2016, he sold 8 goods carriages. 'P' makes following payment of transport charges to 'T' during the financial year 2015-16: 15th April, 2015 - Rs. 35,000 15th July, 2015 - Rs. 40,000 15th November 2015 - Rs. 20,000 15th December, 2015 - Rs. 20,000 15th February, 2016 - Rs. 50,000 No tax is deductible on payment made on 15th April, 2015 if 'T' furnishes his PAN as per the pre-

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
	amended provisions of section 194C (6) of the Income-tax Act. No tax is deductible from payment made on 15th July, 2015 if 'T' furnishes a declaration that he does not own more than 10 goods carriages during the relevant financial year along with his PAN as per the requirement of the amended provision of section 194C(6) of the Income-tax Act. The tax is also not deductible from payment made on 15th November, 2015 as the payment does not exceed Rs.30,000 and the aggregate of payments during the period from 1st June, 2015 [i.e. the date from which the amended provision of section 194C(6) is effective] to 15th November, 2015 does not exceed Rs.75,000 as specified in proviso to section 194C(5) of the Income-tax Act. Tax at the rate of 1% i.e. Rs.200/- is deductible from payment made on 15th December, 2015 as 'T' owns more than 10 goods carriages on that date and the aggregate of the payments made during the period from 1st June, 2015 to 15th December, 2015 exceeded the threshold of Rs.75,000. Tax is also deductible from the payment made on 15th February, 2016 even though 'T' did not own more than 10 goods carriages on 15th February, 2016. This is because 'T' owned more than 10 goods carriages during the financial year 2015-16 and the payment exceeded both the specified threshold for individual and aggregate payments. In view of this, 'T' is not eligible to claim the exemption under section 194C(6) of the Income-tax Act by furnishing declaration along with the PAN in accordance with the provisions of section 194C(6) in respect of payments made on 15th December, 2015 and 15th February, 2016.		Further, for the purposes of ensuring uniformity in the format of declaration to be furnished by the payee under section 194C(6) of the Income-tax Act for receiving the payment without deduction of tax, the following format for furnishing of declaration is specified: "DECLARATION UNDER SECTION 194C(6) OF THE INCOME-TAX ACT, 1961 No.....(To be provided by payee) Date..... From : (Name & address of the payee) To : (Name & address of the payer) The freight/transport charges amounting to Rs.....for transportation of goods by goods carriages having Registration Number may be paid or credited to my account without deduction of tax under section 194C of the Income-tax Act, 1961. I/We, ... in the capacity of hereby declare that I/We do not own more than ten goods carriage and also did not own more than ten goods carriage at any time during the period from 1st April to My Permanent Account Number (PAN) is I hereby enclose a self-attested photocopy of my PAN Card. Place: Signature of the person making declaration" It may be mentioned here that the person responsible for paying to transporter is required to report the particulars of payment made to transporters without deduction of tax in compliance to the provision of section 194C(6) of the Income-tax Act in the statement of deduction of tax (Form 26Q) as per the provision of rule 31A(4)(vi) of the Income-tax Rules, 1962. Non-furnishing or incomplete furnishing of this information shall make the deductor liable for penalty as per the provision of

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Enabling of filing of Form 15G/15H for payment made under life insurance	section 271H of the Income-tax Act. This amendment takes effect from 1st June, 2015.	Orders passed by the prescribed authority under section sub-clauses (vi) and (via) of clause (23C) of section 10 made appealable before Income-tax Appellate Tribunal	Sub-clause (vi) of clause (23C) of section 10 of the Income-tax provides that any income received by a person on behalf of any university or other educational institution existing solely for educational purposes and not for purpose of profit and which may be approved by the prescribed authority is not liable to tax. Similarly, sub-clause (via) of clause (23C) of section 10 of the said Act provides that any income received by a person on behalf of any hospital or other institution for treatment of persons suffering from illness or mental defectiveness or treatment of persons during convalescence or persons requiring medical attention, existing solely for philanthropic purposes and not for the purpose of profit is not liable to tax if such hospital or institution is approved by the prescribed authority.
	The Finance (No.2) Act, 2014, inserted section 194DA in the Income-tax Act with effect from 1.10.2014 to provide for deduction of tax at source at the rate of 2% from payments made under life insurance policy, which are chargeable to tax. It has been further provided that no deduction shall be made if the aggregate amount of payment during a financial year is less than Rs. 1,00,000.		The provisions contained in sub-section (1) of section 253 of the Income-tax specify orders that are appealable before ITAT. Order passed by the prescribed authority under sub-clauses (vi) and (via) of clause (23C) of section 10 was not included in this sub-section. The decision of the prescribed authority to refuse to grant approval can have significant implications for the educational or medical institution under the Income-tax Act.
	In spite of providing high threshold for deduction of tax under this section, there may be cases where the tax payable on recipient's total income, including the payment made under life insurance, will be nil. The existing provisions of section 197A of the Income-tax Act inter alia provide that tax shall not be deducted, if the recipient of the certain payment on which tax is deductible furnishes to the payer a self-declaration in prescribed Form No.15G/15H declaring that the tax on his estimated total income of the relevant previous year would be nil.		Further, under a comparable provision an order for refusal to register a charitable trust under section 12AA of the Income-tax Act is appealable before the Appellate Tribunal. Accordingly, sub-section (1) of section 253 of the Income-tax Act has been amended to provide that an assessee aggrieved by the order passed by the prescribed
	In order to reduce the compliance burden for those recipients whose tax liability on estimated total income is nil, the provisions of section 197A of the Income-tax Act has been amended so as to provide that the recipients of payments referred to in section 194DA of the Income-tax Act shall also be eligible for filing self-declaration in Form No.15G/15H for non-deduction of tax at source in accordance with the provisions of section 197A of the Income-tax Act.		
	This amendment takes effect from 1st June, 2015.		

Amendment	Rationale for Amendment	Amendment	Rationale for Amendment
Raising the income-limit of the cases that may be decided by single member bench of ITAT	authority under sub-clause (vi) or (via) of section 10(23C) of the Income-tax Act may appeal to the Appellate Tribunal. This amendment has taken effect from 1st day of June, 2015.		to the interests of the revenue" has been a contentious one. In order to provide clarity on the issue, section 263 of the Income-tax Act has been amended to provide that an order passed by the AO shall be deemed to be erroneous in so far as it is prejudicial to the interests of the revenue, if, in the opinion of the Principal Commissioner or Commissioner,-
	The provision contained in sub-section (3) of section 255 of the Income-tax Act, before amendment by the Act, provided for disposal of appeals by single member bench of Tribunal in cases where total income of assessee as computed by the Assessing Officer did not exceed five lakh rupees. This limit of total income of five lakh rupees for a single member bench was last revised in 1998. Considering the rise in number of cases before ITAT where total income of assessee exceeded five lakh rupees, sub-section (3) of section 255 of the Income-tax Act has been amended to provide that a single member bench may dispose of a case where the total income of assessee as computed by the Assessing Officer does not exceed fifteen lakh rupees. This amendment has taken effect from 1st day of June, 2015.	(a) the order is passed without making inquiries or verification which, should have been made; (b) the order is passed allowing any relief without inquiring into the claim; (c) the order has not been made in accordance with any order, direction or instruction issued by the Board under section 119; or (d) the order has not been passed in accordance with any decision, prejudicial to the assessee, rendered by the jurisdictional High Court or Supreme Court in the case of the assessee or any other person.	
	The provisions contained in sub-section (1) of section 263 of the Income-tax Act, before amendment by the Act, provided that if the Principal Commissioner or Commissioner considers that any order passed by the AO is erroneous in so far as it is prejudicial to the interests of the Revenue, he may, after giving the assessee an opportunity of being heard and after making an enquiry pass an order modifying the assessment made by the AO or cancelling the assessment and directing fresh assessment. The interpretation of expression "erroneous in so far as it is prejudicial	Mode of taking or accepting certain loans, deposits and specified sums and mode of repayment of loans or deposits and specified advances	This amendment has taken effect from 1st day of June, 2015. Provisions contained in section 269SS of the Income-tax Act, before amendment by the Act, provided that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is twenty thousand rupees or more. However, certain exceptions were provided in the section. Similarly, the provisions contained in section 269T of the Income-tax

Amendment	Rationale for Amendment
	Act, before amendment by the Act, provided that any loan or deposit shall not be repaid, otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, by the persons specified in the section if the amount of loan or deposit is twenty thousand rupees or more. In order to curb generation of black money by way of dealings in cash in immovable property transactions, section 269SS of the Income-tax Act has been amended to provide that no person shall accept from any person any loan or deposit or any sum of money, whether as advance or otherwise, in relation to transfer of an immovable property (specified sum) otherwise than by an account payee cheque or account payee bank draft or by electronic clearing system through a bank account, if the amount of such loan or deposit or such specified sum is twenty thousand rupees or more. Section 269T of the Income-tax Act has also been amended to provide that no person shall repay any loan or deposit made with it or any specified advance received by it, otherwise than by an account payee cheque or account payee bank draft or by electronic clearing system through a bank account, if the amount or aggregate amount of loans or deposits or specified advances is twenty thousand rupees or more. The specified advance shall mean any sum of money in the nature of an advance, by whatever name called, in relation to transfer of an immovable property whether or not the transfer takes place. Consequential amendments in section 271D and section 271E, to provide penalty for failure to comply with the amended provisions of section 269SS and 269T, respectively, have also been made. These amendments have taken effect from 1st day of June, 2015.

13.9.2. Besides, the changes as above made through the Finance Act, 2015, a new Act, namely, Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 has also been enacted to provide for specific and stringent regime for taxation of undisclosed foreign income and assets. Salient features of the Black Money Act are as under:

- (i) **Scope:** The Act applies to all persons resident in India. Provisions of the Act apply to both undisclosed foreign income and assets (including financial interest in any entity).
- (ii) **Rate of Tax:** Undisclosed foreign income or assets shall be taxed at the flat rate of 30 percent. No exemption or deduction or set off of any carried forward losses which may be admissible under the existing Income-tax Act, 1961, shall be allowed.
- (iii) **Penalties:** Violation of the provisions of the proposed new legislation will entail stringent penalties.

The penalty for non-disclosure of income or an asset located outside India will be equal to three times the amount of tax payable thereon, i.e., 90 percent of the undisclosed income or the value of the undisclosed asset.

Failure to furnish return in respect of foreign income and assets shall attract a penalty of Rs.10 lakh. The same amount of penalty is prescribed for cases where although the assessee has filed a return of income, he has not disclosed the foreign income/ asset or has furnished inaccurate particulars of the same.

Penalties have also been provided for failure to answer questions, failure to sign any statement made by the person in the course of the proceedings, failure to attend or to give evidence or to produce books or documents etc., as required by the tax authorities. The penalty for each such failure shall be Rs. 50,000/- to Rs. 2,00,000/-

- (iv) **Prosecutions:** The Act provides enhanced punishment for various types of violations.

The punishment for willful attempt to evade tax in relation to a foreign income or an asset located outside India will be rigorous imprisonment from three years to ten years. In addition, it will also entail a fine.

Failure to furnish a return in respect of foreign assets and bank accounts or income will be punishable with rigorous imprisonment for a term of six months to seven years. The same term of punishment is prescribed for cases where although the assessee has filed a return of income, but has not disclosed the foreign asset or has furnished inaccurate particulars of the same.

The above provisions will also apply to beneficial owners or beneficiaries of such illegal foreign assets.

Abetment or inducement of another person to make a false return or a false account or statement or declaration under the Act will be punishable with rigorous imprisonment from six months to seven years. This provision will also apply to banks and financial institutions aiding in concealment of foreign income or assets of resident Indians or falsification of documents.

- (v) **Safeguards:** The principles of natural justice and due process have been embedded in the Act by laying down the requirement of mandatory issue of notices to the person against whom proceedings are being initiated, grant of opportunity of being heard, necessity of taking the evidence produced by him into account, recording of reasons, passing of orders in writing, limitation of time for various actions of the tax authority, etc. Further, the right of appeal has been protected by providing for appeals to the Income-tax Appellate Tribunal, and to the jurisdictional High Court and the Supreme Court on substantial questions of law.

To protect persons holding foreign accounts with minor balances which may not have been reported out of oversight or ignorance, it has been provided that failure to report bank accounts with a maximum balance of upto Rs.5 lakh at any time during the year will not entail penalty or prosecution.

- (vi) **Compliance opportunity:** Considering the stringent provisions of the new Act, a one-time compliance window was provided to persons having undisclosed foreign assets to disclose the same by filing a declaration before competent authority between 1st July, 2015 to 30th September, 2015 and pay tax at the rate of 30% of the value of declared assets and an equal amount of penalty by 31st December, 2015. Such persons will not be prosecuted under the stringent provisions of the new Act.

Undisclosed foreign assets worth Rs 4164 crore has been declared under the compliance window.

- (vii) **Amendment of PMLA:** Prevention of Money Laundering Act (PMLA), 2002 has also been amended to include offence of tax evasion under the new Act as a scheduled offence under PMLA.

13.9.3. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Rules, 2015 which inter alia prescribe the method of valuation of undisclosed foreign income and assets and various Forms have been notified vide Notification No. 58/2015, dated 2nd July 2015.

13.9.4. Explanatory Circular (Circular No. 12 of 2015, dated 2nd July 2015) on provisions relating to tax compliance for undisclosed foreign income and assets as provided in chapter VI of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 was issued on 2nd July, 2015.

13.9.5. Circular No. 13 of 2015 dated 6th July 2015 and Circular No. 15 of 2015 dated 3rd September 2015 incorporating Frequently Asked Questions in respect of the one-time compliance window were **also issued to clarify the issues raised by various stakeholders.**

13.10. FT&TR DIVISION

13.10.1. Negotiation of Tax Treaties

The Foreign Tax and Tax Research (FT&TR) Division negotiates and finalizes the Double Taxation Avoidance Agreements (DTAAs) which are entered into for twin purpose of (a) allocation of taxation rights between the Contracting States with a view to avoid double taxation and (b) prevention of fiscal evasion through exchange of information, assistance in collection of taxes etc. As on 31.12.2015, 95 DTAAs are in force.

The revised DTAAs with Korea and Thailand were signed on 18.05.2015 and 29.06.2015 respectively. The revised DTAA with Thailand came into force on 13.10.2015. New Double Taxation Avoidance Agreement (DTAA) with Macedonia has entered into effect from 1st April, 2015. The Protocol amending the DTAC with Israel was signed on 14.10.2015. An amending protocol to the India-Japan DTAC was signed on 11.12.2015. The Protocol amending the Double Taxation Avoidance Agreement between India and South Africa entered into force and was notified in the Gazette of India on 02.02.2015. Amending protocol to DTAAs with Turkmenistan, Vietnam, Kazakhstan and Kuwait have been finalised and ready for signature. In addition, negotiations for DTAAs with Azerbaijan, Bulgaria, Chile, China, Cyprus, Egypt, Germany, Hong Kong, Iran, Jordan, Nigeria, Oman, Qatar, Senegal, Tajikistan and Venezuela) are going on.

With countries/jurisdictions with which it is felt that there is no need for allocation of taxation rights for avoidance of double taxation, such as offshore jurisdictions, the FT&TR Division negotiates and enters into Tax Information Exchange Agreements (TIEAs) containing provisions for exchange of information. As on 31.12.2015, 16 TIEAs are in force. Two more, i.e., with Saint Kitts & Nevis and Seychelles have been signed but are yet to come into force. TIEA negotiations with Maldives have been concluded and steps are being taken for completion of internal procedures in both countries for signing of the Agreement. With twenty-seven (27) countries/jurisdictions, i.e., Costa Rica, Democratic Republic of Congo, Marshall Islands, Panama, Andorra, Anguilla, Antigua and Barbuda, Aruba, Barbados, Brunei Darussalam, Cook Islands, Curacao, Dominica, Dominican Republic, Faroe Islands, Greenland, Grenada, Honduras, Jamaica, Montserrat, Peru, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saint Maarten, Turks and Caicos and Vanuatu, new TIEAs are being negotiated.

India has also joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention) which came into force for India on 01.06.2012 and which provides a wide range of administrative assistance in tax matters, including exchange of information, assistance in collection of taxes, tax examination abroad, joint audit etc. India has been actively pursuing with other countries to join this Convention. As on 17.12.2015, 92 countries/jurisdictions have signed the Multilateral Convention and it has come into force for 73 countries/jurisdictions as on 17.12.2015.

The SAARC Countries have signed Mutual Administrative Assistance in tax matters on 13.11.2005 which came into effect for India from 01.04.2011. It provides wide range of administrative assistance. An amending protocol to bring the Exchange of Information Article to international standards has been agreed upon and steps are being taken by SAARC countries for signature.

India has also entered into Limited Agreement for avoidance of double taxation income of enterprises operating aircraft, with Afghanistan, Iran, Lebanon, Pakistan, Saudi Arabia, UAE and Yemen Arab Republic. Similar agreement with Maldives has been finalised during the year and steps are being taken to sign the same.

In old DTAA's (before 2009), there were generally no provisions for exchange of banking information. Further, the information could be exchanged only if it was relevant for application of DTAA and not for enforcement of domestic laws. In addition, under the old DTAA's, the information received could generally not be used for non-tax purposes even after the consent of the supplying State. Accordingly, from 2009 onwards, a number of tax treaties were modified through amending Protocols.

In the modified/renewed DTAA's as also in the new DTAA's/TIEAs entered after 2009 and also under the Multilateral Convention and SAARC Multilateral Agreement, the banking information and information for domestic tax purposes can also be exchanged. Further, generally the information received may be used for non-tax purposes if such use is permitted under the laws of both the supplying and receiving State and with the consent of the supplying State.

13.10.2. Role of Tax Treaties in Prevention of Fiscal Evasion and Tackling of the Menace of Black Money

Effective investigation of tax evasion and avoidance, including unearthing of unaccounted money stashed abroad, is possible only if there is access to information from foreign countries. However, foreign governments, particularly tax havens, are most unlikely to provide information on the basis of just letters or on a plea regarding their moral obligations to prevent tax evasion. Among other factors, parting with information without a legal basis may be challenged in their own Courts and may be against their own public policy or public opinion of their citizens. Such information about money and assets hidden abroad and about undisclosed transactions entered into overseas, can be obtained only through "legal instruments" or treaties entered between India and those countries.

The "legal instruments" through which information can be efficiently obtained for the purposes of investigation under Indian tax laws are the DTAA's, TIEAs, Multilateral Convention and SAARC Multilateral Agreement, which create a legal obligation on a bilateral basis to provide information. These agreements have, over the years, taken the shape of instruments of co-operation between the countries party to the agreements, for sharing of tax revenues and elimination of double taxation; for the prevention of fiscal evasion, tax avoidance and fraud, primarily through exchange of information in relation to the taxpayers concerned; and for assistance in collection of taxes.

The Government of India can obtain information which is "foreseeably relevant" for administration and enforcement of domestic laws concerning taxes from more than 137 countries/jurisdiction under DTAA's/TIEAs/Multilateral Convention / SAARC Multilateral Agreement. With some countries/jurisdictions, there can be more than one agreement e.g. DTAA as well as Multilateral Convention, under which information can be received. Table at **Annexure - 1** lists the countries / jurisdictions and the current status of tax treaty with that country/ jurisdiction.

Information received under the tax treaties shall be disclosed only to persons or authorities concerned with

tax purposes and they may use the information only for such purposes. They may, however, disclose the information in public court proceedings or in judicial decisions, which may for instance be in the form of filing a complaint or prosecution in a competent court. The information so disclosed becomes public and may be used by other law enforcement agencies dealing with corruption, money laundering, terrorist financing etc.

The following additional steps have been taken by the Government in recent past for effectively utilizing the above mechanism of Exchange of Information:

- (a) During the financial year 2015, one more Income Tax Overseas Unit (ITOU) became operationalised in Germany in addition to the seven ITOUs already established previously in Mauritius, Singapore, France, Japan, Netherlands, UK and USA. IRS officers were posted as First Secretary (Economic), in these Income Tax Overseas Units (ITOU).
- (b) Steps are being taken to proactively engage with foreign governments to receive information about tax evasion and avoidance under the provisions of tax treaties. Bilateral discussions, including through Conference calls and face-to-face meetings, with the competent authorities of our treaty partners, which now include well known offshore financial centers, such as British Virgin Islands, Jersey, UAE and Singapore are being planned, and the cooperation in this regard will be deepened in future. These bilateral meetings will help us in making targeted and specific requests for information and to understand the problems, if any, which prevent them in providing the information, and how the same can be addressed.
- (c) A significant step taken under this strategy was the visit of Switzerland Delegation on 07th December, 2015 to resolve exchange of information issues. Meeting were also held with the Competent Authorities of British Virgin Island, Luxembourg, United Kingdom, UAE and Singapore which have resulted into improvement in the quality of responses leading to positive and significant outcomes.
- (d) A revised version of Manual on Exchange of Information has been released in May 2015 that provides detailed guidelines for framing requests for information under the provisions of tax treaties. Other forms of administrative assistance possible under the tax treaties, as well as assistance that can be sought under other legal instruments have also been described in detail.

- (e) The Central Action Plan issued by the CBDT in May, 2015, read with Manual on Exchange of Information, explains the process and emphasizes the need to make exchange of information references seeking information under the tax treaties. The Central Action Plan 2015 also mandates that every CIT charge will organize training and sensitization programme for making proper references under tax treaties.
- (f) A comprehensive training on Exchange of Information was organized in collaboration with the Global Forum/OECD at National Academy of Direct Taxes, in May 2015, for officers nominated from all over the country. Further, regular trainings have also been held at places like Lucknow, Chennai, Hyderabad, Kolkata to equip the officers with requisite knowledge and skills to make appropriate requests/enquiries under the prevailing tax-treaties of India, to address the issue of offshore-based tax evasion and Black Money stashed abroad.
- (g) Steps are also being taken to ensure that the information received from our treaty partners are effectively utilized to combat tax evasion and avoidance.
- (h) Efforts are also being made to complete investigations quickly and file complaints/prosecutions in appropriate cases expeditiously.

Under tax treaties, the Contracting States may also provide information to their treaty partners with a view to prevent fiscal evasion even if no specific reference is received in this regard under "spontaneous exchange of information". As of now, number of information received under this route is not many and efforts are being made at bilateral level to improve cooperation in this regard.

Under most of the DTAA's and Multilateral Convention, Automatic Exchange of Information (AEOI), which is systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country, is also possible. India is receiving information from some countries under AEOI. However, the information received under the AEOI at present mostly relates to interest, dividend, salary, pension etc. and further are not in a standard format and thus are not very effective in prevention of offshore tax evasion. As discussed later, global standard on AEOI is being developed under guidance and leadership of G20 countries which will make a sea change in our ability to address offshore tax evasion.

In 48 out of 94 Indian DTAA's, there is provision for assistance in collection of taxes under which the

Contracting States are obliged to collect tax dues from assets located in their country. The provision for assistance in collection of taxes is also present in 3 out of 16 TIEAs. Assistance in collection of taxes is also possible under the Multilateral Convention if the signatory country has not given a reservation and also under the SAARC Multilateral Agreement.

The other forms of administrative assistance possible under tax treaties are tax examination abroad, simultaneous examination, joint audit, service of notices, etc. which are presently not being used much.

13.10.3. Tax Issues in G20

The Hon'ble Prime Minister played an active role during the G20 Leaders' Summit in Antalya, Turkey on 16th November, 2015, and highlighted the need for policy coordination amongst leading economies of the world to address the challenges of black money and its adverse impact on security issues. The Communique issued at the Summit contained the following text with regard to 'International Tax' issues:

"To reach a globally fair and modern international tax system, we endorse the package of measures developed under the ambitious G20/OECD Base Erosion and Profit Shifting (BEPS) project. Widespread and consistent implementation will be critical in the effectiveness of the project, in particular as regards the exchange of information on cross-border tax rulings. We, therefore, strongly urge the timely implementation of the project and encourage all countries and jurisdictions, including developing ones, to participate. To monitor the implementation of the BEPS project globally, we call on the OECD to develop an inclusive framework by early 2016 with the involvement of interested non-G20 countries and jurisdictions which commit to implement the BEPS project, including developing economies, on an equal footing. We welcome the efforts by the IMF, OECD, UN and WBG to provide appropriate technical assistance to interested developing economies in tackling the domestic resource mobilization challenges they face, including from BEPS. We acknowledge that interested non-G20 developing countries' timing of implementation may differ from other countries and expect the OECD and other international organizations to ensure that their circumstances are appropriately addressed in the framework. We are progressing towards enhancing the transparency of our tax systems and we reaffirm our previous commitments to information exchange on-request as well as to automatic exchange of information by 2017 or end-2018. We invite other jurisdictions to join us. We support the

efforts for strengthening developing economies' engagement in the international tax agenda."

13.10.4. India's stand in G20 on Automatic Exchange of Information (AEOI)

- (a) There is a need to ensure that the Common Reporting Standards (CRS) on AEOI should be implemented on a fully reciprocal basis on a global basis and those countries which have not yet committed to the timeline of 2017 or 2018 should do it without any further delay. The problem of black money and illicit flow to offshore jurisdictions and tax havens can be addressed only when CRS based on AEOI is implemented at a global level
- (b) The Global Forum should monitor the implementation of CRS on AEOI and ensure that every country/jurisdiction is effectively implementing and have necessary legal and regulatory framework and are also exchanging information in practice.

13.10.5. G20 / OECD Project on Base Erosion and Project Shifting (BEPS)

Base Erosion and Profit Shifting (BEPS) refers to strategies adopted by taxpayers having cross-border operations to exploit gaps and mismatches in tax rules of different jurisdictions which enable them to shift profits outside the jurisdiction where the economic activities giving rise to profits are performed and where value is created. BEPS has been a cause of concern for developing and emerging economies for long as it erodes their tax base depriving them of much needed resources for developmental activities. It is also unfair to general taxpaying public and further provides an unfair competitive advantage to Multinational Enterprises (MNEs) vis-à-vis domestic companies having no opportunities for the BEPS strategies.

At the request of G20 Finance Ministers, in July 2013 the OECD, working with G20 countries, launched an Action Plan on BEPS, identifying 15 specific actions needed in order to equip governments with the domestic and international instruments to address this challenge. The Action Plan provides for 15 actions to be undertaken to put an end to double non-taxation and ensure that profits are taxed where the economic activities that generate them are carried out and where value is created. The actions outlined in the plan, expected outcome, and the responsible body are summarized below:

Action	Expected Output	Responsible body
1- Address the Tax Challenges of the Digital Economy	Report identifying key issues raised by the digital economy and possible actions to address them	Task Force on the Digital Economy
2- Neutralise the effects of hybrid mismatch arrangements	Changes to the Model Tax Convention	Working Party 1
	Recommendations regarding the design of domestic rules	Working Party 11
3- Strengthen CFC rules	Recommendations regarding the design of domestic rules	Working Party 11
4- Limit Base Erosion via Interest Deductions and other financial payments	Recommendations regarding the design of domestic rules	Working Party 11
	Changes to the Transfer Pricing Guidelines	Working Party 6
5 - Counter harmful tax practices more effectively, taking into account transparency and substance	Finalise review of member country regimes	Forum on Harmful Tax Practices
	Strategy to expand participation to non-OECD members	
	Revision of existing criteria	
6- Prevent Treaty Abuse	Changes to the Model Tax Convention	Working Party 1
	Recommendations regarding the design of domestic rules	
7- Prevent the artificial avoidance of PE status	Changes to the Model Tax Convention	Working Party 1, in consultation with Working Party 6
8- Assure that Transfer Pricing Outcomes are in Line With Value Creation / Intangibles	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	Working Party 6
	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	
9- Assure that Transfer Pricing Outcomes are in Line With Value Creation / Risks and Capital	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	Working Party 6
10- Assure that Transfer Pricing Outcomes are in Line With Value Creation / Other High-risk transactions	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	Working Party 6
11-Establish methodologies to collect and analyse data on BEPS	Recommendations regarding data to be collected and methodologies to analyse them	Working Party 2
12- Require taxpayers to disclose their aggressive tax planning arrangements	Recommendations regarding the design of domestic rules	Working Party 11
13- Re-examine Transfer Pricing Documentation	Changes to Transfer Pricing Guidelines and Recommendations regarding the design of domestic rules	Working Party 6
14- Make dispute resolution mechanisms more effective	Changes to the Model Tax Convention	Working Parties 1 and 6
15- Develop a Multilateral Instrument	Report identifying relevant public international law issues	Informal Group of Experts
	Develop a multilateral instrument	Interested Parties

The G20 countries have entrusted the work of development of recommendations on these 15 point Action Plan to the OECD. During the G20 meeting, India and some other non-OECD G20 countries raised an issue that the base erosion and profit shifting is a global concern and accordingly the recommendations should be developed through global consensus and not by the OECD countries only. After detailed negotiations in G20, it was agreed that all the eight non-OECD G20 countries (Argentina, Brazil, China, Indonesia, Russia, Saudi Arabia and South Africa) would participate in the “Project on BEPS” on an equal footing. The OECD agreed to modify its rules for associating non-OECD G20 countries on an equal footing and a formal letter requesting the non-OECD G20 countries to become an Associate was made. It was also decided that the other developing and low income countries will also be associated with the work on BEPS and their inputs will be taken while developing the recommendations.

India accepted the offer to become an “Associate” in the BEPS Project through our acceptance letter dated 31st July, 2013. The other seven non-OECD G20 countries also accepted the offer. In accordance with the OECD Council’s resolution, the eight “Associates” are participating on an equal footing with OECD countries, including participation in its bureau in the Committee overseeing the project in the discussions and in the decision-making process. As per this resolution, the Associates “would be expected to associate themselves in the outcome of the project or of the discussions unless they state otherwise”.

The CFA has a Bureau consisting of 12 members. The Bureau oversees the progress of the Project and participate in the decision making process. Since in the BEPS Project, 8 non-OECD G20 countries are participating on an equal footing, it was decided to expand the Bureau to “Bureau Plus” for BEPS Project and it was also decided to include 3 out of 8 non-OECD G20 countries in the Bureau Plus through a process of elections by these 8 countries. In the first round of elections in which 7 countries voted (by that time Indonesia has not formally accepted the offer to be an Associate), China, Brazil and South Africa were elected on behalf of 8 non-OECD G20 countries. India, however, with active lobbying by MEA, ensured Indonesia supports us resulting in a tie. The OECD was thereafter persuaded, again after active support by MEA, to include 4 non-OECD G20 countries in the Bureau Plus on account of their large economies. Accordingly, India, Brazil, China and South Africa now represent the eight non-OECD G20 countries in the Bureau Plus.

The Indian delegates participated in the meetings of the Focus Group, Working Parties and CFA on an equal

footing in finalizing these deliverables with the twin purpose of (a) collaborating with other countries in development of recommendations to prevent base erosion and profit shifting and (b) safeguarding the interests of India and other developing countries in development of new standards.

Developing countries and other non-OECD/non-G20 economies have been extensively consulted through numerous regional and global fora meetings and their input has been fed into the work. Business representatives, trade unions, civil society organizations and academics have also been very involved in the process through opportunities to comment on discussion drafts and their comments were discussed through consultation meetings and webcasts.

The first set of seven deliverables described in the Action Plan was presented to G20 Finance Ministers in September 2014 and to Leaders in November, 2014. These include recommendations for realigning taxation and relevant substance to restore the intended benefits of international standards both in the area of bilateral tax treaties by preventing treaty abuse and in the area of transfer pricing to assure that transfer pricing outcomes are in line with value creation in the area of intangibles and ensuring better transparency for tax administrations and better consistency of requirements for taxpayers through improved transfer pricing documentation and a template for country-by-country reporting.

13.10.6. Current Status of BEPS Project and Role of India

After an elaborate exercise and discussions in Focus Groups, Working Parties and the Committee of Fiscal Affairs, a holistic package of measures have been agreed upon, and have been made public on 5th October, 2015, and the same has been presented to G20 Finance Ministers during their dinner meeting in Lima, Peru on 8th October, 2015 and were endorsed by the G20 Leaders at Antalya, Turkey in November, 2015.

It may be noted that India participated in the BEPS Project on an equal footing engaging constructively and extensively through different mechanisms including direct participation in Working Parties and Focus Groups set up under the Committee on Fiscal Affairs (CFA) of OECD in finalizing the deliverables with the twin purpose of (a) collaborating with other countries in development of recommendations to prevent base erosion and profit shifting and (b) safeguarding the interests of India and other developing countries in development of new standards. The recommendations made under the BEPS Project have been made on the basis of consensus arrived at by the OECD (34 in number) and non-OECD

G20 countries (8 in number) and thus India is an equal participant in making such recommendations. A summary of the recommendations in the final reports, with regard to the 15 Action Points, is placed at **Annexure - 2**.

The recommendations made under the BEPS Project will be implemented through domestic legislations and treaty provisions in a coordinated manner, and will be supported by targeted monitoring and strengthened transparency. These measures include the following:

- (a) Adoption of minimum standards to tackle issues in cases where no action by some countries would have created negative spill over (inclusive adverse competitiveness impacts) on other countries such as consistent implementation in the areas of treaty shopping, country by country reporting, fighting harmful tax practices and improving dispute resolution.
- (b) Agreement on common approaches for changing domestic legislation relating to neutralizing hybrid mismatches and limiting interest deductibility.
- (c) Providing guidance based on best practices for countries which seek to strengthen their domestic legislation relating to mandatory disclosure by taxpayers of aggressive or abusive transactions, arrangements, or structures, and the building blocks of effective Controlled Foreign Company (CFC) rules.
- (d) Development and analysis of options to tackle the problems posed by digital economy including digital presence test, introduction of a withholding tax and equalization levy in addition to identification of implementation mechanism to facilitate VAT collection in the country where the consumer is located which is particularly relevant for online ordering and delivery of goods and services.
- (e) Launch of an innovative mechanism to update the global network of more than 3 500 bilateral tax treaties. 90 countries have joined an ad hoc group to negotiate a multilateral instrument by end of 2016 to implement the treaty-related BEPS measures which will facilitate the modification of bilateral tax treaties in a synchronized and efficient manner, without the need to invest resources to bilaterally renegotiate each treaty.

Countries are sovereign and it is therefore up to them to implement these changes but it is expected that they will implement their commitments in the case of the standards, and that they will seek consistency and convergence when deciding upon the implementation of

the other measures. G20 and OECD countries will continue to work on equal footing to complete the areas which require further work in 2016 and 2017 such as finalizing transfer pricing guidance on the application of transactional profit split methods and on financial transactions, discussing the rules for the attribution of profits to permanent establishments in light of the changes to the permanent establishment definition, a continued examination of the issues relating to the broader question of treaty entitlement of investment funds (other than collective investment funds i.e. non-CIV funds).

G20 and OECD countries will keep working on an equal footing to monitor the implementation of the BEPS measures. The monitoring will consist of an assessment of compliance with the minimum standards in the form of a periodic and public report on what countries have done to implement the BEPS recommendations. It will involve some form of peer review which will have to be defined and adapted to the different Actions, with a view to establishing a level playing field by ensuring all countries implement their commitments so that no country would gain unfair competitive advantage.

Drawing on the successful experience of the Global Forum on Transparency and Exchange of Information for Tax Purposes, in the course of 2016 OECD and G20 countries will work together to design and propose a more inclusive framework to support and monitor the implementation of the BEPS package, with all interested and committed countries participating on an equal footing. Such work will include consideration of the manner in which non-OECD countries will consider themselves committed to the agreed rules and their implementation.

India would continue to contribute to the most important phase of the BEPS Project, which is its implementation. India strongly supports the approach for inclusive framework to monitor and review the success of implementation of the BEPS recommendations, and would collaborate with all the G-20, developing countries and international organizations to ensure that there is a level playing field amongst various economies.

13.10.7. Automatic Exchange of Information (AEOI)

Automatic Exchange of Information (AEOI) is systematic and periodic transmission of “bulk” taxpayer information by the source country to the residence country, which is possible under most of the DTAAAs and Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Although exchange on “request basis” has resulted in improving transparency, its scope is limited since the

offshore financial centers and tax havens are obliged to provide information only when the requesting State has some information already in its possession and investigation in the particular case has already commenced. The information on “request” thus may have limited effect in identifying the financial assets hidden in offshore jurisdictions and tax havens through a complex web of entities.

Accordingly, the Government of India took a leading role in international fora, including at G20 and Working Party 10 of the OECD, towards building an international consensus amongst major economies of the world that the problem of offshore tax evasion and flow of illicit money can be addressed only by the free flow of financial account information, exchanged amongst countries on an automatic basis.

On the request of the G20, the OECD, working with all the non-OECD G20 countries including India, developed a single uniform standard for automatic exchange of information, the Common Reporting Standards (CRS) on AEOI. This new global standard was endorsed by the G20 Finance Ministers in their meeting in Cairns on 21.09.2014, and by the G20 Leaders in their summit at Brisbane on 16th November, 2014. As stated earlier, the Hon’ble Prime Minister in his intervention at the G20 Leaders’ Summit on 16.11.2014 in Brisbane strongly supported the new global standard on automatic exchange of information and stated that this would be instrumental in getting information about unaccounted money hoarded abroad and enable its eventual repatriation.

In keeping with its leadership role in this area, India has also joined a group of 48 countries as “early adopters” of the new standards and has committed to exchange information automatically by 2017. Some jurisdictions have joined later and the number of jurisdictions committed to first exchanges by 2017 has now increased to 56.

Government of India is emphasizing at various international fora, including in G20, the need to ensure that every financial centre commits to the new reporting standards and further, that their implementation at global level is monitored by the Global Forum.

13.10.8. AEOI Group

In order to carry out the review of the implementation of AEOI based on CRS, the Global Forum has set up an AEOI Group to develop the methodology and terms of reference for monitoring the implementation of the CRS. At present, 68 countries/jurisdictions are part of AEOI Group. India is one of Vice-chair of the AEOI Group. To monitor implementation of CRS, the AEOI Group is creating a peer review process. Work has commenced

for the creation of new Terms of Reference and a new Methodology, which will allow for Global Forum member and relevant non-member jurisdictions to be evaluated for the effectiveness of the implementation, including the meeting of confidentiality and data safeguard requirements. These reviews will ensure a globally consistent implementation of the CRS.

The 6th Meeting of AEOI Group was held in New Delhi on 03-04 December 2015. In the meeting, Confidentiality and Data Safeguard Assessment Reports of more than 30 countries were discussed and approved including India’s Confidentiality and Data Safeguard Assessment Report.

13.10.9. Inter-Governmental Agreement (IGA) with USA for purposes of FATCA

India entered into Inter-Governmental Agreement (IGA) with the USA under the Foreign Account Tax Compliance Act (FATCA) on 9th July 2015. This will obligate the Indian financial institutions to provide financial information to Indian tax authorities, which will then be transmitted to USA automatically. Similarly, under the IGA the USA financial institutions will also be providing information to USA tax authorities, which will be transmitted to India automatically. The USA had enacted the FATCA in 2010 with the objective of tackling tax evasion by obtaining information in respect of offshore financial accounts maintained by USA residents and citizens. The provisions of FATCA essentially provide for 30% withholding tax on US source payments made to Foreign Financial Institutions (FFIs) unless they enter into an agreement with the Internal Revenue Service (IRS) to provide information about accounts held with them by USA persons or entities (firms/companies/trusts) controlled by USA persons.

Under IGA, India will receive information about Indian tax residents who have opened bank accounts in USA which will include

- The name, address and Indian TIN of any person that is resident of India and is an account holder of the account;
- Account number;
- Gross amount of interest, US source dividends or other income paid or credited, depending on the nature of the financial account.

The first exchange under IGA has already taken place on 30th September 2015. Information received from USA is currently being analyzed for further action.

13.10.10. Implementation of AEOI and FATCA

For implementation of FATCA and CRS, necessary legislative changes were made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income-tax Act, 1961. Income-tax Rules, 1962 were amended vide Notification No. 62 of 2015 dated 7th August, 2015 by inserting Rules 114F to 114H and Form 61B to provide a legal basis for the Reporting Financial Institutions (RFIs) for maintaining and reporting information about the Reportable Accounts.

A Guidance Note was released on 31st August 2015 to provide guidance to the Financial Institutions, Regulators and officers of the Income Tax Department for ensuring compliance with the reporting requirements provided in Rules 114F to 114H and Form 61B of the Income-tax Rules, 1962. The Guidance Note is intended to explain the complex reporting requirements and provide further guidance wherever required. This Guidance Note was further updated on 31st December 2015 to address the evolving issues in the implementation.

13.10.11. Country-by-Country (CbC) Reporting

Action 13 of the BEPS Action Plan required the development of rules regarding transfer pricing documentation that would enhance transparency in business models employed globally by Multi National Enterprises (the “**MNEs**”), for the benefit of tax administrations, taking into consideration the compliance costs for business. The rules to be developed were to include a requirement that the MNEs provide all relevant governments with needed information on their global allocation of the income, economic activity and taxes paid among countries according to a common template.

The final report on Action 13 recommends a three-tiered standardized approach, which requires the MNEs to provide (i) information of their global business operations and transfer pricing policies in a “Master File”, (ii) detailed transfer pricing documentation specific to each country in a “Local File” and (iii) a Country-by-Country Report (the “**CbC Report**”).

To facilitate the implementation of the exchange of CbC Reports among tax administrations on the basis of the Multilateral Convention, the BEPS report on Action 13 specifies a Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (the “**CbC MCAA**”), which will be signed by the Competent Authorities of agreeing countries. India proposes to sign this agreement shortly.

13.10.12. India's Association with OECD

The OECD is an organization of 34 member countries who are signatories to the Convention on the Organization for

Economic Co-operation and Development. Tax issues have always been an important part of OECD's overall activities and are undertaken by the Committee on Fiscal Affairs (CFA) and its subsidiary bodies. These subsidiary bodies carry out the work on a number of different topics, including development of the model tax convention (Working Party 1), tax policy and statistics (Working Party 2), transfer pricing (Working Party 6), consumption taxes (Working Party 9), exchange of information (Working Party 10), and aggressive tax planning (Working Party 11).

In addition the CFA has established a number of other subsidiary bodies such as the Forum on Tax Administration, the Forum on Harmful tax Practices, the Task Forces on Tax Crime and Other Crimes, the Task Force on the Digital Economy and the Task Force on Tax and Development. The Centre for Tax Policy and Administration (CTPA) acts as the Secretariat to the CFA and its subsidiary bodies and provides technical expertise and support to the CFA.

India's engagement with OECD in the field of Direct Taxes began in the 1990s in the form of delivery of technical development programme at the National Academy of Direct Taxes at Nagpur. Since then, India has been associated with the taxation work of OECD and since 2006 have been accorded the status of “Participant” (earlier known as “Observer”) to the work of CFA and in this capacity was participating in the meetings of CFA and its subsidiary bodies, although as “participant”, India do not take part in the decision-making process and is not bound by the CFA's conclusions, proposals or decisions.

The Indian delegates have been participating in the meetings of Working Parties and Task Force in view of the prominent role of OECD in development of international standards in the areas of international taxation, transfer pricing and exchange of information. The policy adopted by India was that of continuous engagement and participation, and influencing the development of international standards to protect our revenue interests while ensuring at the same time that in areas where the stand and position taken by India is not in conformity with the stand taken by the OECD, the reservations and positions of India are taken into account during the updating of various standards and guidelines being developed by the OECD.

For the last two years, the work of OECD is primarily concentrated on BEPS and AEOI discussed above. Some of the other areas of OECD's work related to taxation in which India is associated are summarized below:

(a). OECD Global Relations Training Programme

Each year, under Global Relations Programme (GRP), OECD holds around 75 training events on a variety of

international tax policy and administration topics bringing together some 2000 serving tax officials from over 100 countries in more than 20 venues globally. India's engagement with OECD's GRP includes participation of tax officers in training events abroad both in the capacity of participants as well as experts. During 2015, 34 Indian officers participated in 17 events abroad. Further, training events are hosted in NADT, Nagpur and OECD experts are invited to lead these events. During the year 2015, following two events were held at NADT:

- i. BEPS: Tax Treaties, Treaty Abuse and PE from 10th-14th August, 2015
- ii. BEPS: Transfer Pricing Intangibles and Business Restructurings from 23rd - 27th November, 2015.

(b). Tax Inspectors Without Borders (TIWB)

India is also participating in **Tax Inspectors Without Borders (TIWB)**, which is a joint initiative of the OECD and the United Nations Development Programme (UNDP), designed to support developing countries to build tax audit capacity. The objective of the programme is to enable transfer of tax audit knowledge and skills to tax administrations in developing countries through a real time "learning by doing" approach. It aims at facilitating the sharing of expertise by deployment of tax auditors on demand basis to support developing countries build tax audit capacity.

(c). Forum on Tax Administration (FTA)

India is a member of the Forum on Tax Administration (FTA), which is a forum for co-operation between revenue bodies with participation from 45 countries, which aims to improve taxpayer services and tax compliance by helping revenue bodies increase the efficiency, effectiveness and fairness of tax administration and reduce the costs of compliance. The work programme of the Forum is overseen by the FTA Bureau. India has been a member of the general body of the FTA as well as a member of its Bureau, where it is represented by the Revenue Secretary. During the year, India participated in various ongoing activities and projects of FTA. Inputs were sent for *Administration 2015* (TA 2015) which is a report published by FTA, presenting an updated review of the structure, management and performance of tax administrations in 56 countries.

India, along with 22 other countries, has participated in a feasibility study to develop a Common Transmission System (CTS) for Automatic exchange of Information (AEOI) for Tax Purposes. India has expressed its willingness to join the CTS, which will be a secure, effective and harmonized system for automatic information exchange amongst countries.

As part of its endeavor to promote global tax transparency, India has joined the Joint International Tax Shelter Information and Collaboration (JITSIC) network, which is a global effort at coordinating tax administrations against tax avoidance, and base erosion and profit shifting.

(d). Forum on Harmful Tax Practices (FHTP)

Forum on Harmful Tax Practices (FHTP) was established following the publication of OECD's 1998 report on "Harmful Tax Competition: An Emerging Global Issue" to identify those preferential tax regimes that have harmful effects. Main work of FHTP is to review preferential tax regimes of member countries and to make recommendations to remove features that create harmful effect or to abolish the regime. During the year, review of Indian regimes was completed by FHTP and regimes review reviewed were not considered to be harmful.

13.10.13. Global Forum on Transparency and Exchange of Information for Tax Purposes

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) carries out in-depth monitoring and peer review of the standards of transparency and exchange of information (EOI) for tax purposes. The peer review is done over two phases: Phase 1 dealing with the legal and regulatory framework of the assessed jurisdiction and Phase 2 relating to actual implementation of the standards in practice. India is a Vice Chair of the Peer Review Group of the Global Forum and has actively participated in all Global Forum meetings and discussions on the peer review reports. The Steering Group of the Global Forum steers and guides the work of the Global Forum and provides policy direction to the various activities carried on by it. India has also been an active participant in the deliberations and decisions of the Steering Group of the Global Forum. The 8th Plenary meeting of the Global Forum took place at in Bridgetown, Barbados from 29-30 October 2015 with participation of 88 jurisdictions, including India, and 11 international organisations and regional groups.

13.10.14. United Nations Committee of Experts or International Cooperation in Tax Matters

During April, 2015 meeting of United Nations Tax Committee's Sub-Committee on Transfer Pricing and special meeting of ECOSOC on International Tax Cooperation was held in New York, USA. The Sub-Committee discussed the drafts on Chapters on Intra Group Services (IGS), Business Restructuring and Intangibles.

The UN Committee of Experts on International Co-operation on Tax Matters met during 19th to 23rd

December, 2015 at Geneva to focus on the decisions to update the United Nations Model Tax Convention and the United Nations Practical Manual on Transfer Pricing for developing countries. The meeting was attended by experts from India.

Another meeting of UN Tax Committee's Sub-committee on Transfer Pricing was held at Santiago, Chile during 16-18 November, 2015. Drafts of Chapters on IGS, Documentation and Intangibles were discussed.

13.10.15. Cooperation with BRICS Countries on Tax Matters

During the BRICS Finance Ministers and Central Bank Governors meeting held in Washington DC on 19th April, 2012, it was agreed to develop a cooperative approach on issues relating to international taxation, transfer pricing, exchange of information and tax evasion & avoidance. Accordingly, the tax administrations of BRICS countries have been cooperating in the areas of taxation.

Importance of cooperation on tax matters amongst BRICS countries has also been recognised by BRICS leaders and accordingly following was included in the declaration, issued after BRICS Summit held in Ufa, Russia in the month of July, 2015:

"26. The BRICS countries reaffirm their commitment to participate in the development of international standards of international taxation and cooperation for countering the erosion of tax base and profit shifting, as well as to strengthen mechanisms for ensuring tax transparency and to exchange information for taxation purposes.

We remain deeply concerned about the negative impact of tax evasion, harmful practices, and aggressive tax planning which cause erosion of tax base. Profits should be taxed where the economic activities driving the profits are performed and value is created. We reaffirm our commitment to continue to cooperate in relevant international fora on issues related to the G20/OECD BEPS Action Plan and AEOI. We are engaged in assisting developing countries to strengthen their tax administration capacity, and to promote a deeper engagement of developing countries in the BEPS project and the exchange of tax information. The BRICS countries will share knowledge and best practices in taxation."

The Heads of Revenue of BRICS countries met in Moscow during the month of November, 2015 and discussed the following issues:

- (i) Approaches and steps of implementation of BEPS Action Plan, taxing profits at the place of economic activity;
- (ii) Challenges of Digital Economy;

- (iii) Prevention of cross-border tax evasion through implementation of Common Reporting Standards for Automatic Exchange of Information;
- (iv) Engagement of developing countries in BEPS project and increasing tax administrations' capacities in implementation of Automatic Exchange of Information.

During this meeting, the Heads of Revenue of BRICS countries committed to work closely with each other and with developing countries to facilitate and deepen collective involvement in implementation of BEPS measures and cooperate on issues of common interest.

13.10.16. India-Brazil-South Africa (IBSA) Revenue Administration Working Group Meeting

IBSA (India-Brazil-South Africa) Dialogue Forum is a trilateral developmental initiative between India, Brazil and South Africa to promote South-South Co-operation and brings together three democracies. The Heads of Revenue Administrations Working Group is one of the several sectoral working groups of the IBSA Dialogue Forum formed in 2006. It is to promote closer cooperation in both tax and customs matters and contribute to the IBSA Dialogue Forum. Areas of international taxation and transfer pricing, exchange of information, cooperation in multilateral fora, digital economy, aggressive tax planning and capacity building have been identified for closer co-operation among IBSA countries. Sub-groups have been constituted to work in these areas for enhanced cooperation.

13.10.17. Meeting of Competent Authorities under the SAARC Agreement

The Fourth Meeting of SAARC Competent Authorities on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters was held in New Delhi on 23-24 April 2015. The main outcome of the meeting was finalization and drafting of the Protocol Amending the SAARC Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters, through which Article 5 (Exchange of Information) of the Agreement is brought at par with current international standards.

13.10.18. Capacity building under SAARC Agreement

The SAARC Member States signed a Limited Multilateral Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters in 2005. Article 10 of the Agreement provides that Member States shall endeavor to hold and organize Seminars/Training Programmes. In the last five years, 7 seminars/training

programmes were conducted. This year, programme on “Taxation issues in Digital Economy” was conducted in India at NADT, Nagpur, during 17-20 March, 2015.

13.10.19. Coordination with other Multilateral Agencies

India is an Associate member of Center for Inter American Tax Administration (CIAT), a multilateral organization. The efforts of CIAT are focused on cooperation between the tax administrations of different jurisdictions with a view to work jointly against international tax evasion. To fulfil this objective, CIAT organizes different activities, studies, workshops, seminars etc. wherein tax administrations can share their suggestions, practices, experiences, etc. During 2015, Indian delegates participated in General Assembly and Technical Conference of CIAT. Indian delegations made presentations during these events on topics allocated to India.

Commonwealth Association of Tax Administrators (CATA) was established as a result of decision taken at the meeting of the Commonwealth Finance Ministers in Barbados in 1977. India has been an important member of Commonwealth Association of Tax Administrators (CATA) since 1979. CATA's activities include organizing annual technical workshops, high quality training programmes for tax officials, in country training programmes tailored to meet specific needs of members, publication of a quarterly newsletter, provision of consultancy services and research facilities for members upon request, supply of information to members, etc. India participated in major events organized by CATA during the year. A paper was also presented by India in Technical Conference of CATA held in Malaysia.

13.10.20. Examination of FIPB proposals in FT&TR Division

FT&TR Division of CBDT is required to examine all FDI applications filed under ‘Government Approval route’ from revenue angle and forward its inputs to the FIPB Unit of Department of Economic Affairs. During calendar year 2015, a total of 449 proposals were processed in the FT&TR division and inputs on these proposals were sent to Foreign Investment Promotion Board.

13.10.21. Income Tax Overseas Units

The Income Tax Overseas Unit (ITOU) posts were created to assist Indian Competent Authority on matters relating to exchange of information under DTAAs, other matters concerning Double Taxation Avoidance Agreements (DTAAs), facilitate Mutual Agreement Procedure (MAP) cases under DTAAAs, facilitate Advance Pricing Agreements (APA) and to liaison with various Departments, liaison with investors, etc.

During the financial year 2015, one more Income Tax Overseas Unit (ITOU) became operationalised in Germany in addition to the seven ITOUs already established previously in Mauritius, Singapore, France, Japan, Netherlands, UK and USA. IRS officers were posted as First Secretary (Economic), in these Income Tax Overseas Units (ITOUUs).

13.10.22. Mutual Agreement Procedure

As in all spheres of commercial activities, disputes do arise in the application and interpretation of tax treaties. All tax treaties, therefore, contain an article providing for a mechanism to resolve such disputes known as “Mutual Agreement Procedure (MAP)”. This is a treaty mechanism and can be taken for recourse to, irrespective of the remedies provided by the domestic law of the Contracting States and under which the Competent Authorities may reach an understanding to avoid double taxation. The purpose is to ensure that the tax disputes involving cross border transactions are settled in an amicable manner to the satisfaction of all parties.

During the Year 2015, Meetings for resolving under MAP cases were held with USA, UK, Canada, Japan, China etc.

In January 2015, a MAP meeting with US Authorities was held in New Delhi in which an agreement on a framework was reached that would help in resolving MAP cases pertaining to the SWD &ITeS Sectors. Subsequently, in September 2015, another meeting was held in Washington DC in which the framework was further revised. Till December 2015, under the framework, 100 MAP (TP) cases have been resolved. Apart from this, 36 MAP (non-TP) cases involving non transfer pricing issues have been resolved with USA.

In July 2015, a MAP meeting was held with UK Authorities at London and the pending cases were discussed. 10 MAP (TP) cases were resolved during that meeting.

In September 2015, a MAP meeting was held with Canadian Authorities at Ottawa and the pending cases were discussed. 5 MAP (TP) cases were resolved during that meeting.

Meeting for resolving cases under MAP was held with China during July, 2015. One MAP case has been resolved in addition to one already resolved last year. Positions on other MAP cases have also been exchanged.

Three MAP/APA meetings (in March, 2015, June, 2015, October, 2015) were held with the Japanese Competent Authority during the year. Some of the pending cases could be resolved during these meetings in an amicable

Annual Report | 2015-2016

manner to the satisfaction of both countries as well as taxpayer. Significant progress was made in other pending MAP case.

Bilateral MAP negotiations between India and Australia are going on in four cases.

13.10.23. Advance Pricing Agreement

Advance Pricing Agreement provisions were introduced vide Finance Act 2012, amending the Income Act 1961,

introducing Sections 92CC and 92CD. The APA scheme was notified in the Income-tax Rules, 1962 on 30th August 2012, inserting Rule 10F to 10T and 44GA. In May 2013, a taxpayer series on “Guidance on APA Scheme and FAQs” was released.

The Advance Pricing Agreement (APA) mechanism was introduced in order to reduce litigation that arises in transfer pricing matters. A large number of applications have been filed, a majority of which are unilateral applications. Till date, the year-wise breakup is as follows:

Details of applications for unilateral and bilateral APAs received are as under:

FY	Number of Applications filed	Number of Applications withdrawn	Number of Applications for which agreement is signed	Number of Applications Pending
2012-13	146	4	22 [#]	120
2013-14	232	4	10	219
2014-15	205	-	-	204
2015-16*	7	-	-	7
Total	590	8	32	550

* Till 31st December, 2015

Out of 5 APAs signed in FY 2013-14, one APA has been revised and signed in FY 2015-16

Details of APAs signed are as under:

FY	Unilateral APA	Bilateral APA	Total
2013-14	5 [#]	-	5
2014-15	3	1	4
2015-16*	23	-	23
Total	31	1	32

* Till 31st December, 2015

Out of 5 APAs signed in FY 2013-14, one APA has been revised and signed in FY 2015-16

Rollback of APAs was announced by the Hon'ble Finance Minister in his Budget Speech on 10th July, 2014. Provisions for Rollback Mechanism was brought into the Act vide Finance Act 2014. The Roll back scheme was notified in the Income-tax Rules, 1962 on 14th March 2015, inserting Rule 10 MA and 10 RA. On 1st April 2015, some amendments to the Rules were notified. In June 2015, a circular was issued clarifying the Rollback Provisions in the form of FAQs.

During the year, meetings between India and Japan took place to discuss bilateral APA cases involving Rollback. Bilateral APA negotiations are also underway in three cases with Australia.

13.10.24. Dispute Resolution Panels (DRPs)

Dispute Resolution Panel (DRP) as a new dispute resolution mechanism, in the Income Tax Department, was put in place from 1st April, 2009. Each DRP is a collegium comprising of three Commissioners of Income-tax constituted by the Board for this purpose. Prior to 1st January, 2015, the Commissioners of Income Tax (CsIT) were functioning as members of DRPs in addition to their regular duties.

A new scheme for the DRPs has come into force with effect from 1st January, 2015 whereby 5 permanent DRP benches have been created at 3 cities i.e. 2 at Delhi, 2 at Mumbai and 1 at Bengaluru with deployment of 15 CsIT for this purpose. It may be mentioned that this new scheme establishes permanent DRPs (CIT level officers functioning exclusively as Members of DRPs) as against the earlier scheme of non-permanent DRPs manned by CsIT performing functions of members of DRP in addition to their regular duties.

13.10.25. Policy Issues on International Taxation

A Committee was constituted in 2014 by the Central Board of Direct Taxes under Section 119 of the Income-tax Act, 1961 for dealing with references made by assessing officers on the application of amendments introduced with retrospective effect on income arising from indirect transfer of assets, consisting of Joint Secretary (FT&TR-I), Joint Secretary (TPL-I) and Commissioner of Income Tax (ITA-I), with Director (FT&TR-I) as its Secretary. The committee examined two references that were made to it during the year, and gave its recommendation in one such case.

A notification was published on 23rd March, 2015, clarifying that DTAA between India and erstwhile Czechoslovakia continues to be applicable to the residents of Slovakia.

13.11. International Taxation

The Principal Chief Commissioner of Income Tax (International Taxation) deals with international taxation issues pertaining to entities having cross border transactions. System of taxation of income varies widely from country to country and there are no broad general rules. These variations create the potential for double taxation (where the same income is taxed by different countries) as well as no taxation in some cases (where income is not taxed by any country). Generally, where worldwide income is taxed, reduction or credit is provided for foreign taxes paid in other jurisdictions. Under any system of taxation, it is possible to shift profit to another tax jurisdiction or re-characterize income in a manner that reduces taxation. Tax jurisdictions, therefore, often impose rules relating to shifting of income among commonly controlled parties, often referred to as Transfer Pricing Rules. In India, various Commissionerates functioning under the Principal CCIT (Intl. Taxn.) are continuously engaged in the work of scrutinizing the cases of transfer pricing and cross border mergers/acquisition of companies, as and when such transactions take place, to bring to tax capital gains arising on transfer of shares/ assets consequent to merger and acquisition of companies.

The region of Pr. Chief Commissioner of Income Tax (International Taxation), New Delhi was reorganized w.e.f. 15.11.2014 after restructuring of the Income Tax Department and two new posts of Chief Commissioner of Income Tax (Intl. Taxn.), West Zone, Mumbai and Chief Commissioner of Income Tax (Intl. Taxn.), South Zone, Bengaluru were created. Additional posts of Commissioners have also been created at Delhi and Mumbai in the International Taxation as well as Transfer Pricing charges.

13.12. Pr. DGIT (Administration)

There are five (5) directorates under the charge of Pr. DGIT (Admn.) which is an attached office of the CBDT. Each Directorate is headed by an Addl. Director General of Income-tax, an officer of the rank of Commissioner of Income-tax. **Details of the said Directorates are as under:**

13.12.1. Directorate Of Income Tax (PR,PP&OL)

The Directorate of Income-tax (Public Relation, Printing Publications and Official Language) is responsible for the Publicity and Public Relations, Printing and Publications and Implementation of Official Language Policy in the Income-tax Department all over India.

Some of the important steps/ initiatives/decisions taken during the period of report are detailed below:

A. Publicity Campaigns: Several publicity campaigns were carried out by the Directorate of Income Tax (PR,PP&OL) such as:

Name of Campaign	Medium	Duration
TDS Awareness Campaign for Govt. & Non-Govt. deductors-January	Print	4 Insertions
Awareness in respect of Non-filers	Print	2 Insertions
Payment of Advance Tax Due Date 15 th March	Print	5 Insertions
Advance Tax – Filing of Income Tax Return Due Date 31 st March	Print	4 Insertions
Publication of Names of Chronic Defaulters	Print	2 Insertions
Filing of TDS statement Due Date 15 th May	Print	2 Insertions
Issuance of TDS certificate Due Dates 30 th & 31 st May	Print	2 Insertions
Payment of Advance Tax (1st installment for Corporate) Due Date 15 th June	Print	2 Insertions
Filing of TDS statement/Issue of TDS certificate Due Date 15 th July	Print	2 Insertions
Filing of Income Tax Return Last Date 31st August	Print	5 Insertions
	TV	12 days
	Radio	12 days
	Web	12 days
	SMS	6 days
	Cinema	10 days
	Outdoor	30 days
Public Awareness in respect of services of TRPs	Print	1 Insertions
Filing of Annual Information Return Due Date 31 st August	Print	1 Insertions
Payment of Advance Tax (second instalment) Due Date 15th September	Print	5 Insertions
	TV	12 days
	Radio	12 days
	Web	10 days
	SMS	3 days
	Cinema	10 days
	Outdoor	15 days
Filing of Income Tax Return Due Date 30th September	Print	2 Insertions
	TV	12 days
	Radio	12 days
	Web	8 days
	SMS	3 days
	Cinema	10 days
	Outdoor	15 days
Black Money Act	Print	8
	TV	15 days
	Radio	15 days
Awareness in AIR Filers	Print	1 Insertions
Filing of TDS return Due Date 15 th October	Print	2 Insertions
	Web	10 days
Income Tax Ombudsman	Print	1 Insertions
Vigilance Awareness Week 27 th October to 1 st November	Print	1 Insertions
Payment of Advance Tax (third installment) Due Date 15th December	Print	6 Insertions
	TV	12 days
	Radio	12 days
	Web	15 days
	SMS	3 days
	Cinema	10 days
	Outdoor	15 days

B Trade Fairs:

1.1 Gujarat: Vibrant Gujarat Global Trade Show, 2015 was organized at Gandhinagar, Gujarat jointly by Industrial Extension Bureau (A Govt. of Gujarat Organization) and K&D Communication Ltd from 7th to 13th January 2015. The Directorate set up a Taxpayers' Lounge at this trade show on the theme of "How Taxes Enable Skill Development". For the exhibition, the publicity videos were displayed at the Lounge. The Taxpayers' Lounge was visited by several dignitaries and taxpayers. Hon'ble Finance Minister, Shri Arun Jaitley visited the lounge on 11.01.2015. He saw the various taxpayer services being offered to the taxpayers at the lounge and also witnessed the drawing competitions being organized at the lounge as a part of public engagement and education of the future taxpayers. The Lounge was also visited by the Minister of State (Finance), Shri Jayant Sinha. He appreciated the initiative taken by the Department.

1.2 Mumbai: The Department participated in Times Utsav, Mumbai from 16th to 25th October, 2015 at Bandra Kurla Complex, Mumbai by setting up a Taxpayers Lounge at the said event. The Taxpayers' Lounge was inaugurated by Principal Chief Commissioner of Income Tax, Mumbai on 16th October, 2015. There were four different counters for TRPS, 26AS, ASK and PAN for taxpayer services and were manned by TRPs and supervised by officers deputed by Mumbai office. Approximately, 2500 visitors had made entry in the visitor's book. Activities like quiz competition, nukkadnatak and drawing competitions were organized.

1.3 Delhi: The Department has been participating in the **India International Trade Fair** at Pragati Maidan, New Delhi for the past few years by setting up a Taxpayers Lounge.

1.4 The Taxpayers' Lounge set up by the Income Tax Department at "**35th India International Trade Fair (IITF), 2015**" at Pragati Maidan, New Delhi is a major step by the Department to generate awareness in the public about the various taxpayer-friendly initiatives taken by the Department. Through the Taxpayers' Lounge, various taxpayer services like e-filing of returns, viewing of tax credit through 26AS, applications for PAN, ASK counter and services of Tax Return Preparers were showcased to the public.

1.5 This year's Lounge was designed keeping in mind the theme of IITF 2015 i.e. '**Make in India**'. The Lounge highlighted the contribution of taxes and the Income Tax Department to nation building and activities

such as Nukkad Natak, Drawing Competition and Quiz Contest to engage with school children and youth, who are potential taxpayers of the future, were organised in the Lounge to generate interest and awareness about taxation.

1.6 An initiative during IITF, 2015 was the focus of the Department on outdoor branding at the fair venue in the form of wall branding, banners on electric poles and publicity through LED walls set up by ITPO at various prominent locations within the Pragati Maidan. In sync with the theme of IITF, 2015, a short Audio-Visual film "Chodo Kal Ki Batein" on Make in India & Taxation was also prepared and run during the trade fair. During the entire period of the trade fair approximately **1.5 lakh** persons visited the Pavilion. Visitors books kept for obtaining feedback from the public recorded more than **6530** comments (approx). During the 14 day period about **2100** certificates were given to children and more than approx **3000** prizes were given to children as well as general public for participating/winning the competitions organized at the Taxpayers' Lounge.

1.7 The Taxpayers' Lounge was awarded '**Silver**' medal for excellence in display in the category of Ministries and Departments in the 35th India International Trade Fair, 2015 in the award ceremony held on 27th November 2015. The award was presented by **Shri Arun Jaitley, Minister of Finance**, Corporate Affairs and Information & Broadcasting, Government of India and **Smt. Nirmala Sitharaman, Minister of State** (Independent Charge) for Commerce and Industry at an impressive ceremony in the presence of representatives of various foreign participants, States, PSUs, Ministries & Business organizations.

2. Social Media

In sync with the thrust of the Government, the Department has forayed into Social Media by commencing the social media activities of the Department with a Twitter account. The Twitter account @IncometaxIndia has been started and integrated with the official website. Regular tweets are being pasted on various Press releases latest Circulars & Notification & other initiatives of the Department.

3. Public Relations

Booklets and brochures under the 'Tax Payers Information Series' are continuously updated to increase the awareness of the taxpayers about the provisions of tax laws and the steps taken by the government to reduce the complexities of tax laws and improve Tax Payer service.

A. The following Booklets and Brochures (English and Hindi) were updated & printed during the period 01.01.2015 to 31.12.2015.

TPI (Tax Payer Information) Booklets

1. How to Compute your Capital Gains
2. Taxation of Salaried Employees, Pensioners and Senior Citizens
3. Manual on Exchange of Information(Hindi)
4. Assessment of Income from House Property
5. Assessment of Charitable Trusts & Institutions

Brochures

1. Form 26AS (English)
2. Form 26AS (Hindi)
3. Aayakar Sewa Kendra (English)
4. Aayakar Sewa Kendra (Hindi)
5. Citizen's Charter (English)
6. Citizen's Charter (Hindi)
7. Ombudsman (English)
8. Ombudsman (Hindi)
9. TRPS (English)
10. TRPS (Hindi)
11. Know Your Income Tax Rate For A.Y. 2016-17(company, Co-operatives Societies and Local Authorities) (English)
12. Know Your Income Tax Rates For A.Y.2016-17(company, Co-operatives Societies and Local Authorities) (Hindi)
13. Know Your Income Tax Rate For A.Y. 2016-17 (Individual/HUF/AOP/BOI/Artificial juridical & Firms) English
14. Know Your Income Tax Rate For A.Y.2016-17 (Individual/HUF/AOP/BOI/Artificial juridical & Firms) (Hindi)

15. Date With Direct Taxes for 2016 (English)
16. Date With Direct Taxes for 2016 (Hindi)
17. E-filing (English)
18. Do's for Tax Payers (English)
19. Do's for Tax Payers (Hindi)
20. TDS- Tax Deductee's Guide (English)
21. TDS- Tax Deductee's Guide(Hindi)
22. TDS -Tax Deductors / collector's Guide (English)
23. National portal of Income Tax (English)
24. National portal of Income Tax (Hindi)
25. Penalties & Prosecutions under the Income Tax Act (English)
26. Penalties & Prosecutions under the Income Tax Act (Hindi)
27. Know Your TDS for F.Y. 2015-16(English)
28. Know Your TDS for F.Y. 2015-16 (Hindi)
29. PAN (English)

B. The following Booklets are under process & are likely to be printed during the period 01.01.2016 to 31.03.2016.

1. Hand Book on Advance Rulings.
2. TDS on Salaries,
3. TDS other than Salaries,
4. Income Tax Guide for Residents & Indian Nationals Abroad,
5. Transfer Pricing Concept & the Law in India,
6. Appeal Manual for CIT (A),

Tax Return Preparer Scheme

During the period January' 2015 to December' 2015 data regarding returns filed by TRPs is given below:

Sl. No.	Description	Count
1	Total number of returns filed by the Tax Return Preparers	81,060
2	Income Declared	4266.03Crore
3	Amount of Tax Paid (in INR	421.19 Crore

4.1 Online Tax Help – During the period January 2015 to December 2015, there were 1392 requests for assistance received where 1162 were contactable and processed and the rest of the requests could not be validated as they were not contactable (No Answer, Not Reachable, Wrong No. etc.)

4.2 Register for Home Visit – During the period January 2015 to December 2015, there were 957 requests for home visit by TRP received where 812 were contactable and processed as the rest of the requests could not be validated as they were not contactable (No Answer, Not Reachable, Wrong No. etc.).

4.3 Deployment of Tax Return Preparers in Mega Events organized by the Income Tax Department – During the period January 2015 to December 2015, Department participated in three mega events namely Vibrant Gujarat Trade Show-2015, Gandhi Nagar (Gujarat), Times Utsav -2015, Mumbai (Maharashtra), IITF-2015, New Delhi (Delhi). Tax Return Preparers were deputed to handle queries of taxpayers relating to return filing, PAN applications, refund status as well as assisted the taxpayers in preparing their returns of income apart from being utilised in various ASK centres & Return filing camps.

5. Printing & Publications

The Directorate printed and distributed several publications for the use of the officers of the department. Details of the important publication during F.Y. 2015-16 up to 22.12.2015 are as under:

1. Let Us Share Vol. VII
2. Manual on Exchange of Information
3. Tax Recovery Manual
4. Digest of Tribunal Decisions - Vol. II
5. Central Action Plan, 2015-16
6. Digital Evidence Investigation Manual
7. Income-Tax Act, 2015
8. Income-Tax Rules, 2015
9. Compendium of CBDT's Administrative orders 2013
10. APAR Forms-2014-15 Group 'A' 'B' Officers & Non-Gazetted staffs
11. Direct Tax Bulletin, Vol. 51
12. Explanatory notes to the budget Provision & Budget 2015

Publications under Print are as under:

1. Let Us Share, Vol. VIII
2. TROs Manual.
3. Office procedure Manual for departmental representative in ITAT
4. Accounts at a Glance.
5. CBDT Accounts Manual.
6. Quarterly Tax Bulletin 103,104,105,106,107 & 108.
7. Compendium of CBDT's Administrative Orders, 2015.

13.12.2. Directorate of Income Tax (TDS)

13.12.2.1. Initiatives of the Directorate of TDS

Directorate of TDS follows a system of monthly MIS reports. These reports are standardized and are monitored on regular basis for the purpose of analyzing performance of TDS charges. Apart from this, progress is also reviewed from time to time, on specific areas of work, viz. contact programs, surveys/verifications, prosecution, compounding etc.

13.12.2.2. TDS Conferences

Directorate of TDS convenes annual Conference of CsIT (TDS). Last Conference of CsIT (TDS) was held on 18th November, 2015 at CPC-TDS. Various aspects of TDS Administration were taken up during the Conference. Issues pertaining to CPC-TDS were especially emphasized. Imparting of training to the personnel dealing with the TDS was stressed upon. Accordingly, training sessions are being conducted by the CPC-TDS regularly. Under "Corporate Connect" programme, CPC-TDS has directly contacted big deductors to resolve issues pertaining to TDS statements.

Directorate of TDS also convenes annual meeting of Standing Committee of stakeholders. Last meeting of Standing Committee was convened on 29th October, 2015. Standing Committee includes representatives of Trade/Professional bodies. During these conferences and meetings, various issues of TDS Administration were discussed and a roadmap for their resolution was drawn.

13.12.2.3. Tax deductors' education programme

TDS Charges carry out contact programmes for various tax deductors. Upto 31.10.2015, 231 such contact programmes have been conducted in which more than 8800 persons participated. Deductors were sensitized of their obligations and their doubts were addressed. This

enables the Department to be in touch with deductors and also to monitor compliance by them. Commissioners of Income Tax (TDS) and the offices under them also act as focal points for the purpose of Grievances Redressal, on regular basis.

13.12.2.4. Surveys / Spot Verification:

Surveys are another tool ensuring effective compliance of the TDS provisions. TDS charges carry out surveys and spot verifications from time to time. Such surveys not only detect the defaults but this action also works as a pre-emptive correction, resulting in better compliance of TDS. A total of 565 surveys / verifications have been conducted upto 31.10.2015 by CsIT (TDS) across the country.

13.12.2.5. Prosecution & Compounding Cases:

During the Financial Year 2015-16, upto 31.10.2015, a total of 29 prosecutions for TDS violations have been launched and 311 cases of TDS defaulters have been compounded.

13.12.2.6. BIS Certification of operational ASK Centres

The work of administration and control of the Aayakar Seva Kendras (ASKs) is vested in the office of Pr. DGIT (Admn.), New Delhi who has further assigned the task to the ADG(TDS), CBDT. At present there are 250 operational ASK Centres in the country. After an ASK achieves excellence in service delivery as per norms under the Sevottam Scheme, a certification under IS 15700:2005 is to be obtained from the Bureau of Indian Standards (BIS). Out of the 250 ASKs, 56 have been certified and during the FY 2015-16, 52 more Centres have been proposed to be certified.

13.12.3. Directorate of Income Tax (Recovery):-

Work assigned to this Directorate can be broadly classified under 3 heads:

- i. Monitoring of collection/reduction of arrear demand and compiling and collating data relating to recovery of tax arrears arising from current and arrear demand primarily with reference to dossiers cases of arrears of Rs. 25 Crores and above.
- ii. Processing of write off, partial write off and scaling down of arrear demand proposals received from CCIT charges.
- iii. Processing of BIFR/AAIFR cases in terms of granting relief/ concessions under the Income Tax Act.

I. Recovery of arrear and current demands

- a) The target of cash collection for arrear demand during the year 2015-16 has been fixed at Rs. 51359 Crores. Till November 2015, cash collection out of arrear demand is Rs. 18846 Crores.
- b) Review meetings were undertaken for discussing strategies for maximizing recovery of outstanding demand with the field officers, with specific emphasis on monitoring dossiers of high demand cases.
- c) Special reviews of arrears relating to scam cases were conducted.

II. Special Cell

- a) **Demand not under Dispute:** - Statistical data with the department shows that substantial arrear demand is reflected as 'demand not under dispute'. The Special Cell **constituted** in the Directorate of Recovery collects information regarding such cases to identify the reasons for non recovery and segregates demand which is recoverable by resorting to actions under the control of tax authorities. Collection of arrear demand is diligently monitored by the cell.

- b) **Assessee not Traceable and Assessee having No/Inadequate Assets for recovery:** - In order to address the issue of mounting tax arrears, a Committee was constituted to focus on these categories of demands. The Committee examined options for a cost effective and flexible mechanism to manage recovery of these dues and conducted a pilot study with dossier cases of demand of Rs.10 crore and above and certified cases of demand above Rs.1crore which were made available to the Directorate of Recovery. Pr. DGIT (Systems) and FIU-IND were also requested to provide any information available regarding these cases from the data available with them. Pursuant to the recommendations of the Committee, accepted by CBDT, a time bound methodology for dealing with these cases has been instituted through the Special Cell in the Directorate of Recovery. FIU-IND is periodically approached for getting information from their database. Till date 241 cases have been uploaded on the website of FIU-IND. Out of these, information in 18 cases involving 254 bank accounts has been received and the same has been forwarded to the concerned Pr. CCsIT for further action.

- c) **Publication of the Names of Chronic Defaulters in Public Domain:-** Names of chronic defaulters are placed in the public domain to name and shame them and seek

information from general public about their whereabouts. Till date 67 names have been published in the National Newspapers/Local News Papers and Website of the Department.

- d) **Reward Guidelines for Informants:** - Instruction No.7/2015 has been issued by the CBDT on 26.08.2015 (available on the national website of the department) incorporating guidelines for grant of reward to informants leading to recovery of irrecoverable taxes.

III. BIFR matters

- a) The Board for Industrial and Financial Reconstruction (BIFR) is a machinery created under **The Sick Industrial Companies (Special Provisions) Act, 1985** (in short SICA) for the purpose of detection of sick industrial companies and to frame schemes for revival of such sick companies.
- b) The Pr. DGIT (Admn.) is the nodal agency in all BIFR cases between CBDT and BIFR. The work on behalf of Pr. DGIT (Admn.) is done by the BIFR unit in the Directorate of Recovery, which is a coordinating agency between the BIFR and the CBDT. BIFR approves a Sanctioned Scheme for rehabilitation of a Sick Industrial Company, envisaging certain reliefs from CBDT. The case is processed by this Directorate with the approval

of the Pr. DGIT (Admn.) as the nodal agency and CBDT.

13.12.4. Directorate of Income-Tax (Income-Tax):

This Directorate comprises of two wings viz. Inspection and Examination.

(a) Inspection Wing

The instrument of inspection is an effective tool to enhance, upgrade and sustain a high quality of work standard in assessment/administrative functions, record keeping systems and dealing with the public grievances. It is also an important tool for providing guidance to the officials in their work. During these Inspections, the work done in the preceding financial year is examined by the Inspecting Officer in a comprehensive manner, highlighting the achievements and shortcomings of the concerned officers in the key areas of their work, with a view to bring out the strengths and weaknesses of the work practices and thereby strengthen the administrative machinery.

A new system of Inspection came into operation vide Instruction No. 16/2008 dated 4th November, 2008 which provided for an annual comprehensive inspection of the CIT (Appeals), Range Offices and Assessing Officers for which the reports were to be made in accordance with the prescribed proforma in each class of inspection. Under the new system of Inspection, the following Inspections are to be carried out by the Inspecting Officers:-

Sl. No.	Inspected Office	Inspecting Officer	Reviewing Officer	No. of Inspections to be done
1.	CIT (Appeals)	Concerned CCIT	-	All CIT (Appeals) working in CCIT charge
2.	Addl./ JCIT	Concerned administrative CIT	Concerned CCIT	One Range per CIT charge
3.	DCIT/ACIT	Concerned administrative CIT	Concerned CCIT	Two DCsIT/ACsIT per CIT charge
4.	ITO	Concerned Range Head	Concerned CIT	Two ITOs per Range charge

A comparative analysis of inspections done since F.Y. 2010-11 onwards, till 29.12.2015 is as under:

Financial Year	Inspection Carried out for the F. Y.	No. of Reports Received	No. of Reports Reviewed
2010-11	2008-09	1803	926
2011-12	2009-10	1554	951
2012-13	2010-11	1667	1660
2013-14	2011-12	1435	1427
2014-15	2012-13	1023	1023
2015-16	2013-14	561*	395 (as on date)

* Reports received as on date in accordance with the inspection reports due in this Directorate vide Instruction No. 16/2008 dated 4.11.2008.

(b) Examination Wing:-

The Examination Wing is entrusted with conducting Departmental Examinations for Assistant Commissioner of Income Tax (Probationers) and other Gazetted and Non-Gazetted cadres of Income Tax Department. The Directorate plays an important role in ensuring the conduct of Departmental Examinations in an efficient, time-bound, fair & impartial manner. The Directorate has also been constantly reviewing the Examination rules and policy/syllabus taking into accounts the new developments in the field of Income Tax and E-Governance so that capable and efficient Staff/Officer are made available to the Income Tax Department all over India.

A. Highlights of the performance/achievements during the year :

1. In April, 2015 the results of the 1st Departmental (1st Supplementary) Examination as well as of the 2nd Departmental Examination of the 67th Batch of IRS Probationers were compiled and declared.
2. Examination data status – PQ Betterment, Normal was scrutinized and wherever required, matched with previous year's records. Wherever needed, process for correction of this data was initiated.
3. Departmental Examination for ITOs/ITIs 2015 was conducted in the month of July, 2015 in the objective type pattern. The total no. of candidates who appeared in these exams is around 8000.
4. Result of the Departmental Examination for ITOs and ITIs were declared in the month of October 2015.

B. Involvements of technology for curtailing the time taken in conducting the exams, and declaration of results

1. A new initiative taken this year was introduction of the online receipt of application forms of the candidate. Facility of registering online complaint and raising online disputes are also provided to the candidates. This has reduced the no of phone calls received in this office regarding problem faced by candidates while filling online application. It has also facilitated online generation of Roll Nos. and issue of admit cards.
2. The answer keys of the objective-type question papers for Departmental Examination for ITOs/ITIs 2015 were put on the website to ensure transparency.

3. For speedy evaluation of the subjective answer sheets in respect of ITO exam, the centralized evaluation camp for two week was held in the Directorate in mid September.
4. The centre wise attendance sheets were also uploaded on the net and the web-link, user and password were provided to all the Pr. CCIT/CIT (Exams) for downloading the attendance sheets for their respective Centers.
5. The number of candidates for each subject per centre for ITO/ITI Exams was worked out from the finalized application data. On the basis of these details, the question papers were packed for each centre and sub-centre.

13.12.5. Directorate of Income Tax (Audit)**13.12.5.1. Internal Audit**

Internal audit was introduced in the Dept. with the objective of providing a second check over the accuracy in computation of income and determination of tax. On the recommendations of a committee setup under the Chairmanship of the then DGIT (Admn.), as approved by the CBDT, a new internal audit system was introduced with effect from 1st June, 2007. The new system provides for a separate specialized Internal Audit Wing in the Department to perform the audit work, with no overlapping between assessment and audit functions. Its objectives are:-

- a) To play a corrective role of pointing out mistakes committed during assessments and taking remedial action;
- b) To exercise vigilance for prevention of mistakes having both deterrent as well as reformative effect;
- c) To improve the quality of assessment, to reduce errors and omissions which are subsequently detected by Revenue Audit.

(i) In the audit structure, at present, there are 22 Commissioners of Income Tax who, along with their teams look into the audit work. There are 2 CslT (Audit) each in the 4 metro cities and there is one CIT (Audit) with each Pr. CCIT in all the other charges. The CIT (Audit) is the overall in charge of the audit wing and functions under the administrative control & supervision of the Pr. CCIT. The audit work is carried out by special audit parties (SAP), headed by DCIT and internal audit parties (IAP) headed by ITOs. Performance targets for these audit parties are assigned by the Board. The norms of auditable cases, for internal audit, have been prescribed by the Board (Instruction no. 3 of 2007).

- (ii) During the F.Y. 2015-16, upto quarter ending on 30.09.2015*, **details of work done** by the different authorities are given below:-

Cases Audited by the authorities			
Addl. CIT	SAP	IAP	Total
645	2266	57742	60653
* Although actual figures upto December, 2015 were called for, figures are available upto September, 2015, as this reporting is done quarterly.			

- (iii) A statement of Internal Audit Objection Pending, Raised & Settled with revenue effect is given below:-

Objection Raised/Settled & Balance for the period 01.04.2015 to 30.09.2015* (F.Y. 2015-16)

No. of Objections		
	No.	Amt. (Rs. In lakh)
Opening balance as on 01.04.2015	15273	682828.94
Raised	4850	507247.02
Total	20123	1190075.96
Settled	2720	69909.96
Outstanding as on 30.09.2015*	17403	1120166.00
*Although actual figures upto December, 2015 were called for, figures are available upto September, 2015, as this reporting is done quarterly.		

- (iv) **Reports:**

- **Monthly Report:** The compilation of figures of audit objections, raised and settled during the month along with the revenue impact, is submitted by the 22 CsIT (Audit) charges. The monthly report enables the supervisory authority to know the latest position of settlement and pendency of audit objections of each charge.
- **Quarterly Progress Report:** The Quarterly Progress Report gives a comprehensive picture of the work done by the different echelons of the audit wing. It exhibits the comparative analysis of work of CsIT (Audit) throughout the country for a particular quarter and it helps in monitoring. A copy of this Report is sent to Member (A & J) and each Pr. CCIT for effective supervision.
- **Review of Settlement of Objections:** A total of 134 such Review Meetings have been held upto November, 2015 (in F.Y. 2015-16) against 117 upto January, 2015 (in F.Y. 2014-15) resulting in total settlement of 3,964 Internal Audit Objections upto October, 2015.

- **Annual Report on Internal Audit functions:** The Annual Report on Internal Audit functions is prepared for internal circulation to all CsIT (Audit) detailing and highlighting therein the quality work and the performance of internal audit set-up of the country.
- **Statement XVI:** Statistical Data for inclusion in the Report of C&AG (Statement XVI) is sent annually.

(v) **Inspection of work of Audit Parties:** The Audit Manual mandates Inspection of work done by Audit Parties in different charges. During the F.Y. 2015-16, the Inspection of work of Audit Parties has been carried out at 2 stations Bhubaneswar and Ahmedabad. In the last quarter of January-March, 2016, it is proposed that Inspection of work would be conducted in charges at Kochi, Mumbai and Pune.

(vi) **Workshops on Internal Audit:** The workshops/ seminar are periodically held by the Pr. CCsIT to sensitize the assessing officers on the common/repeated mistakes pointed out by audit.

(vii) **Initiative for improvement in the functioning of Audit Wing:** - With a view to make an updated Audit Manual, the CBDT has constituted a Review Committee to submit revised draft instruction incorporating charges made subsequent to introduction of Audit Manual in 2011, ITBA (Income Tax Bus Applications) functionality for Audit, effect of cadre- restructuring and prescribe and prescribe Standard Office Procedure for dealing with Audit Objections. The Committee is likely to submit proposal for draft instructions in January, 2016.

13.12.5.2. Revenue Audit Work

During the Financial Year 2015-16, upto November, 2015, **437** Action Taken Notes were sent to the Audit and PAC Division of CBDT. These are then forwarded to the Monitoring Cell in the Ministry of Finance for settlement of objections with C&AG.

Reports:

- **Monthly Report:** The monthly report enables the supervisory authority to know the latest

position of settlement and pendency of audit objections of each charge.

- **Quarterly Progress Report:** It exhibits the comparative analysis of work carried out throughout the country for a particular quarter and helps in proper monitoring of the work.

13.13. Directorate of Organization and Management Services (O&MS)

(A) Highlights of the performance and achievements under key programmes being implemented by DIT (O&MS) during the year.

1. Aayakar Sewa Kendra :

Aayakar Sewa Kendra (ASK) is the single window system for implementation of Citizen's Charter of the Income Tax Department and a mechanism for achieving excellence in public service delivery. Details of setting up are as under:

From 01.04.2014 to 31.03.2015	Projection/Estimate from 01.04.2015 to 31.03.2016
61 ASKs have been set up	58 more ASKs are to be setup by 31-03-2016
<i>In All 250 Aayakar Sewa Kendras have been set up across all buildings of the Income Tax Department upto 31-03-2015</i>	

(B) Significant initiatives taken during the year for development of public service delivery and for ensuring "inclusive growth".

1. Review of Strategic Plan 2011-15

The Vision 2020 document envisages a review of the Strategic Plan 2011-15 in order to create a roadmap for the next 5 years and course correction if any. A draft Strategic Plan 2016-20 has been prepared by DOMS and is under consideration of the CBDT.

2. Review of RFD

DIT (O&MS) is the coordinator for preparing Results Framework Document (RFD) every year and half yearly and yearly review of RFD. The RFD for the year 2015-16 was prepared and submitted to CBDT on 04-02-2015. This year annual review of RFD for F.Y. 2014-15 was completed in the month of May, 2015.

3. Process & Management Studies

Studies on streamlining MIS reports and efficiency of ASKs is disposal of rectification appreciations and underway.

(C) Mechanism put in place to measure development outcomes of majors schemes/ programmes.

In order to equip the department with a tool to measure the progress regarding various development schemes, the Results Framework Document (RFD) is drafted every year. The RFD is an agreement between Chairman, CBDT and the Responsibility Centres vide which a set of targets are resolved to be achieved within a matrix of measurable success indicators. The RFD for the year 2015-16 was submitted in March, 2015. The annual review of RFD for F.Y. 2014-15 was completed in May, 2015.

(D) Initiatives taken with reference to Development of North Eastern Region and Sikkim including projects/schemes in operation and actual expenditure thereon.

The first ASK at Tripura was setup in Agartala in 2014-15. 5 more AayakarSewaKendras are being setup in Morigaon, Nalbari, Golaghat, Dharmanagar and Duliajan upto 31.03.2016. A budget of Rs. 51.24 lacs has been sanctioned for setting up these 5 ASKs.

(E) E-Governance Activities.

The 12 report of 2nd Administrative Reforms Commission (ARC) aimed at Citizen Centric Governance. The advent of modern technology has brought in the concept of E-Governance. The setting up of ASKs is a step towards this direction. Besides providing a Citizen Centric Governance, all communications, as well as returns received in ASK, mandate timely disposal which can be monitored and reviewed at the highest level.

Online compilation and collation of various statistics of the income Tax Department in the form of CAP-I and CAP-II is being done, thereby reducing delay and ensuring accuracy of data.

(F) Implementation of the Right to Information Act 2005 and the matters incidental thereto.

The scope of services provided in ASKs was contemplated to be expanded by enabling the Sevottam Software to receive RTI applications during the month of June, 2013. The facility to receive RTI applications and appeals through Sevottam Software has been made available from 01-05-2014.

13.14. Directorate of Income Tax (infrastructure)

The Directorate was notified vide Ministry of Finance order dated 21st November, 2005. The Directorate of Income Tax (Infrastructure) is presently headed by three Addl. Director General. The functions of the Directorate include drawing up of construction programme, examination of individual proposals including drawing up a schedule of accommodation, scrutiny of plans and estimates, securing approval of expenditure Finance Committee where necessary. The Directorate also deals with the scrutiny of proposals regarding acquisition of land for construction of building, finalization of budget proposals in respect of construction, acquisition of land and purchase of buildings. Examination of proposals regarding repairs of departmental building and minor works, hiring of office/office-cum-residential accommodation, purchase of vehicles for the Department, including replacement and hiring of vehicles are also being dealt by the Directorate.

13.14.1. Highlights of the performance and achievements during 01.01.2015 to 31.12.2015:

Projects exceeding Rs.10 Crores which were accorded administrative approval and financial sanction are as under:

- i. Sanction of Rs. 208,95,95,000/- crore for construction of 152 Nos. of Type-II, 304 Nos. of Type-III & 76 Nos. of Type-IV residential quarters for IT Deptt., Chennai at Central Revenue Colony,

15th Main Road, Anna Nagar West, Chennai through CPWD.

- ii. Hiring of AIR India Building at Mumbai @Rs.107,47,64,436/- p.a. was approved and sanction.
- iii. Sanction of Rs.49,21,58,483/- for Extension of existing contract of M/s BVG India Ltd. for providing Facility Management Services (FMS) at Civic Centre, New Delhi.
- iv. Sanction of Rs.44,81,46,528/- for payment of BSNL & MTNL on account of telecom services availed by the IT Deptt. under the project tarang for the period from 01.10.2013 to 31.03.2014 and outstanding payment for 01.01.2011 to 30.09.2013.
- v. Rs.33,65,00,000/- for sanction for hiring of additional operation vehicles for new Assessment Ranges and additional offices created under various Directorate in the I.T Deptt. consequent to Cadre Restructuring.
- vi. Construction of 58 Staff quarters, (Type-III- 38 Nos., Type-IV -20 Nos,) alongwith community hall for I.T. Deptt., at Majura Gate, Surat through NBCC Ltd was accorded for an amount of Rs.29,36,82,047/-.
- vii. Construction of office and residential building at MouzaNarsingGarh, Govt. Silk Weaving Factory, Rajbagh, Srinagar was accorded for revised estimate of Rs.25,47,17,000/-.
- viii. Sanction amount of Rs.23,28,74,005/- for construction of 48 residential quarters and community hall/guest house at Hadapsar, Pune was revalidated.
- ix. Sanction of Rs.22,18,73,181/- was made for construction of office building and 18 staff quarters (Type-IV -3 Nos& Type-III -15 Nos) alongwith community hall for I.T. Deptt., at Navsari, Surat.
- x. Rs.20,00,00,000/- was sanction for payment to BSNL & MTNL on account of telecom services availed by the Deptt. under project tarang for the period from 01.10.2014 to 31.03.2015.
- xi. Purchase of Plot No.223 of TPS-2 for construction of office building & staff quarters at Surat Station was accorded for Rs.18,01,47,500-
- xii. Purchase of land for construction of office building at Pathankot was accorded for Rs.10,43,65,946/-.

13.15. Pr. DGIT (SYSTEMS) E- Governance Activities**13.15.1. Project Name: PAN****(a) Permanent Account Number (PAN)**

PAN (Permanent Account Number) is a 10 digit alphanumeric number allotted by the Income Tax Department to taxpayers and to the persons who apply for it under the Income Tax Act, 1961. Permanent Account Number (PAN) enables the department to link all transactions of the "person" with the department. The transactions linked through PAN include tax payments, TDS/TCS credits, returns of income/wealth, specified transactions, correspondence, and so on. PAN, thus, acts as an identifier for the "person" with the Income tax department.

(b) Common Business Identification Number (CBIN or BIN)

PAN has now taken on the role of "identifier" beyond the Income tax department as it is now required for various activities like opening of bank account, opening of demat accounts, obtaining registration for Service Tax, Sales Tax / VAT, Excise registration etc. PAN is leveraged to become Common Business Identification Number (CBIN) or simply Business Identification Number (BIN) for providing registration to a number of government departments and services.

(c) One Person One PAN

The Income Tax Act permits one person to have only one PAN. To avoid issuance of duplicate PAN, the data is checked for duplicity by using the software having phonetic matching algorithm. In order to leverage the biometric data collected through Aadhaar enrolment it was decided to include Aadhaar Card as a valid Proof of Identity (POI), Proof of Date of Birth (PDOB) and Proof of Address (POA) document for allotment of PAN under Income Tax Rules, 1962. In order to further strengthen the de-duplication process the PAN database is being seeded with Aadhaar number for Individuals and Company Identification Number (CIN) for Corporate Entities.

(d) PAN Service Providers

The services related to PAN such as receiving PAN application forms, verification of the documents submitted, digitizing the PAN application form, uploading the data on the NCC (National Computer Centre), printing PAN cards and dispatching of PAN cards have been outsourced to two PAN Service Providers, M/s UTITSL and M/s NSDLeGov. The Service Providers through their network of more than 14000 front offices (PAN centres), receive and process the PAN application submitted by applicants. However, the PAN is generated

centrally in the department's database through robust software at National Computer Centre (NCC) of the Income Tax Department and thereafter printed and dispatched through service providers.

(e) PAN Verification Facility

PAN verification facility is provided through CBDT's e-filing server to Government departments through the Internet. One by one PAN verification or Bulk verification of 50,000 PANs in one go can be done by the users. PAN can also be verified through "Know Your PAN" facility on Income-tax official web site www.incometaxindia.gov.in where Name, Father's Name and Date of Birth (DOB) / Date of Incorporation (DOI) are known.

Service for PAN verification is also provided by income tax PAN Service Providers (UTITSL and NSDLeGov) to agencies such as (i) Financial Institutions (RBI/Banks), (ii) Government Agencies, (iii) Persons/Entities required to file Annual Information Returns, (iv) Credit Card Companies/Institutions (v) Companies and Government Deductors of TDS for the purpose of verifying PAN of TDS/TCS deductees (vi) Department of Commercial Taxes of various States (vii) Insurance Companies (viii) Educational Institutions established by Regulatory Bodies (ix) KYC Registration Agency (KRA) (x) Depositories and Depository Participants (xi) Mutual Funds (xii) Stock Exchanges/Commodity Exchanges/Clearing Corporations (xiii) Credit Information Companies approved by RBI (xiv) Non-Banking Financial Companies approved by RBI (xv) Insurance Repositories (xvi) DSC Providers and (xvii) GSTN Network. The PAN verification facility provided by PAN service Providers is on chargeable basis.

(f) Grievances Redressal Machinery

Grievance Redressal Machinery related to PAN is well defined. Whenever a grievance is received related to PAN, appropriate action is taken including forwarding the grievance to field formations with guidance and existing instructions. Grievances are also received through Centralised Public Grievance Redressal and Monitoring System (CPGRAMS). All grievance related to PAN are downloaded from the website of CPGRAMS and after examination, appropriate action is taken by the Directorate and information about redressal action taken in such cases, is uploaded on the website.

Grievances are also received by PAN Service Providers i.e. UTITSL and NSDLeGov. After examination of the grievances by the Service Providers, action is taken by PAN Service Providers. If required, approval of the Directorate is obtained in specified cases and PAN applicants are informed accordingly.

(g) Migration of MMS and Global modules from ITD to ITBA-HRMS

Migration of Software Application and Database was carried out replacing MMS and Global modules of ITD with HRMS module of ITBA. The sign off was made for Drop 1 (Phase 1) of implementation of ITBA-HRMS module.

(h) Migration of AIS module from ITD to ITBA-PAN

Migration of Software Application and Database was carried out replacing AIS module of ITD with PAN module of ITBA. The sign off was made for Drop 1 (Phase 1) of implementation of ITBA-PAN module.

13.15.2. New Initiatives

a). Integration with e-Biz portal of DIPP

E-Biz programme is a mission mode project of Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry to facilitate the investors by providing SINGLE WINDOW clearance like licensing, environment & land clearances, approvals from various ministries and departments for start-up businesses. L1 and L3 integration of PAN and TAN services with e-Biz portal of DIPP has been completed. In L1 integration the applications for PAN and TAN are received through e-Biz portal and forwarded to PAN Service Providers. In L3 integration five services of CIN, PAN, TAN, EPFO and ESIC have been combined through common application form INC-29 for corporate entities. The applications received through L3 integration will be serviced in T+1 day by the Income Tax Department i.e. PAN and TAN will be allotted within 24 hours.

b). Paperless Application using DSC

An online paperless procedure for application of PAN using Digital Signature Certificate has been launched at websites of both service providers M/s NSDL and M/s UTIITSL. In this procedure a person having Digital Signature Certificate can apply for PAN through online form 49A and upload digitally signed application with scanned copies of Proof of Identity, Proof of Date of Birth, Proof of Address, Photograph and Signature without any need for sending physical documents by post.

c). PAN Camps

PAN camps were held on 27.10.2015 by M/s NSDL and M/s UTIITSL at 43 remote and rural sites across the country for providing ease of access for obtaining PAN in view of mandate for quoting of PAN for financial transactions. Seven of these camps were inaugurated by the Hon'ble Finance Minister through a video

conference. More PAN camps will be held during the financial year to increase the coverage.

PAN database has shown steady growth in tune with economic progress. The progressive **number of PANs** allotted upto 31st December, 2015(cumulative) is **24,04,18,473**. During the current year (up to 31stDecember, 2015) 1,71,70,778PANs have been allotted.

13.15.3 Project Name: E-filing of Income Tax Returns

Project Description

The e-filing project is an eminent e-governance and e-delivery measure taken by the Income Tax Department for providing web- enabled services to the taxpayers. The project aims at enabling e-filing of Income tax returns, audit reports and other Forms prescribed under the Income Tax over Internet directly by taxpayers and through e-return intermediaries (ERIs).The project also provides other web- enabled services to facilitate public private participation in the filing of returns.

The e-filing portal <https://incometaxindiaefiling.gov.in> provides following personalized services to the taxpayer:

- Status of returns – Processing/Demand/Refund
- Rectification uploads and status after processing
- Refund Re-issue Request
- Request for Intimation u/s 143(1) and 154
- Outstanding Tax Demand
- Tax Credit Mismatch Summary
- View Form 26AS
- ITR-V Receipt Status
- Register as Legal Heir
- Add / Disengage CA and ERI
- Profile Settings -Change Password, Update Contact details etc
- Reset Password additional options
- Using PINS (OTP to mobile number and e-mail id)
- Login through Net Banking
- Verification and Validation of Contact details of Taxpayers
- Compliance Module updated with NMS-3 (FY 2012) data

- Filing of Form 6 (Disclosure of Foreign Income & Assets) and Chartered Accountant (CA). Select information is also available through mobile interface.
- Submitting Response to Outstanding Tax Demand Electronic filing of I-T returns over the internet picked up from AY 2006-07 and the number of returns filed electronically has risen from around 4 Lakh in Financial Year, 2006-07 to 341.73 Lakh in Financial Year 2014-15. In Financial Year, 2015-16, nearly 309.53 Lakh returns were received up to 31st December, 2015 as compared to 243.31 Lakh returns for same period in Financial Year 2014-15, representing a growth of around 27.22%. The progressive achievement of e-filing scheme is as under:
- Submitting CPC Grievance through e-Filing Portal
- Schematron Implementation – ITR Validation Rule engine
- Electronic Verification Code for filing of ITRs(EVC)
- Aadhaar and PAN linking

The dedicated call centre and help desk deals with query or grievance related to e-Filing. The portal also provides help and static content “in Hindi” for users. A video link to view the e-Filing procedure is also available for tax payer

There has been significant growth in the new PANs getting registered on the e-filing site, showing increased use of the e-filing and other facilities through the e-filing website. The number of registered users of the e filing portal as on 31st Dec 2015 is 4.95 Crore.

Financial Year	Number of e-returns (in lacs)	Growth In %
2006-07	4	
2007-08	22	450%
2008-09	48.5	120%
2009-10	52.5	8%
2010-11	91.56	74%
2011-12	164.12	79%
2012-13	214.87	31%
2013-14	296.81	38.67%
2014-15	341.73	15.13%
2015-16	309.53	27.22%

Online filing of audit reports has been made mandatory since F.Y. 2013-14 for which functionality has been provided. The tax professionals, on being authorized by the tax payers, can upload tax audit reports using digital signature. During FY 2015-16, 58.12 Lakh audit forms were e-Filed (up to 31st Dec 2015).

13.15.4. Project Name: CPC, Bengaluru Central Processing Center for Income Tax Returns

CPC has achieved following milestones:

- CPC has processed 3.07 crore returns of income during Financial Year 2014-15 with a year on year growth rate of 26%, (2.44 crores processed during Financial Year 2013-14). Further, till 31st December 2015, CPC has processed 3.27 crore returns in Financial Year 2015-16.
- CPC has achieved a peak processing capacity of 5.48 lakh returns per day.
- CPC has processed 12,56,95,021 E>Returns till 31st Dec., 2015, as against the target of 2.7 crore e-filled returns, that CPC was to process in 5 years.
- Electronic Verification Code (EVC) process implemented in April 2015 is successful and more than 50 lakh taxpayers have adopted this Green Initiative. CPC has already processed 44 lakhs returns validated through EVC.
- Average processing time is reduced to 61 days, which is less than the period specified in citizen's charter (6 months) and much less than performance in manual processing (approx. 14 months). Prior to CPC, average processing capacity of the department was approx. 2.5 crore return per annum against receipt of more than 3 crore returns each year.
- Projected/Estimated Volumes for the period December 2015 - March 2016 and Actual as on 31st December 2015 are as under:

Activity	Projections for Jan -Mar 2016	Achievements during 10-04-2015 to 31-12-2015
Processing of Returns	50	327
Rectifications	1	5.06
Calls handling	1	6.68
E-mail Communications	159	879
SMS Communications	153	868

- Till date, CPC has sent around 33.31 Crore digitally signed PDF based intimations by email, around 26.69 Crore SMS alerts and around 2.58 Crore intimations sent by Speed Post all over the country. Savings due to e-delivery as compared to postage is Rs.499.75 crore.

Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 (Upto 31 st Dec 2015)	% age Growth over last year	Total Savings in 6 FYs
Communication via email sent to taxpayers	5,927,080	36,769,270	42,943,613	65,630,267	93,941,486	87,962,765	22%	
Postage cost saved (Rs. Crores) #	8.89	55.15	64.42	98.45	140.91	131.94		499.75
# Average cost of speed-post/ordinary post taken as Rs. 15/-								

- To enable handling of large volume and managing size of the e-mails and improving aesthetics of intimations, email through HTML template has been enabled and used.
- 90 call center agents attend to over 5,000 calls daily in 3 languages. Around 45.08 lakh calls attended till 31st December 2015.
- CPC, call center made 72,954 outbound calls for Demand Management to Assessing Officers.
- CPC has enabled Web based Taxpayer Grievance Mechanism in the last Financial year. Under this system, the taxpayers can login to the e-filing web portal of the department and submit their grievances online. The resolution of the grievances and other assistance is provided through registered e-mails of the taxpayers. Status of redressal of the grievance is also updated on the e-filing web portal. Up to 31st December 2015, 3.29 lakh grievances have been received out of which 3.21 (97%) grievance have been addressed.
- Rectification requests received from taxpayers are processed within the statutory limits. For financial year 2015-16 (till 31.12.2015) CPC has processed 5.06 lakh rectification requests out of 5.20 lakh rectification requests received.
- Due to the higher accuracy level of processing at CPC, there has been a sharp drop in overall rectification requests.
- Refund reissue requests due to refund failures, incorrect bank account number involving amount of Rs. 42.51 cr. for A. Y. 2015-16 were processed. All such requests are processed within 7 days of request accepted by CPC.
- Over 2,500 business rules in software for tax processing of IT Returns designed and implemented.
- In addition to processing of Income Tax returns, CPC has processed 38,139 Wealth Tax Returns Form BB filed electronically.
- Launch of digitization friendly Forms with features such as anchor points, Colour drop out, bar codes on each page etc.-ITR 1- SAHAJ and ITR 4S-SUGAM for AY2011-12 designed by officers at CPC for CBDT based on learning from digitization of paper returns of AY2008-09. 1.77 lakhs ITR1 SAHAJ returns have been digitized and processed at CPC till date.

- **Demand Management:** To deal with the issue of cleaning and updating of arrear demands, the outstanding demand position in CPC FAS (Financial Accounting System) was made available to field AO's through the AO Portal and to taxpayers through 'My Account' on e-filing website. As on 31st December 2015, AO has acted on 3,96,049 entries involving arrear demand of Rs.42,482.13 Crore. CPC has also facilitated Tax payers to revert on the demand position by agreeing/disagreeing to the demand through E filing website. Responses received in 14,20,730 entries totaling to Rs.67,167.04 Crore have been received from Taxpayers through e-filing website.
- CPC has stored over 12.50 Crore ITR V physical documents through a Record Management Service and has been awarded ISO 15489 certification, the first entity in Asia to achieve this.
- CPC has been awarded ISO27001 Certification for the rigorous implementation of Information Security Management Systems.
- CPC has been awarded ISO9001 Certification for the implementation of Quality Management Systems.
- The Union Cabinet has accorded approval for extension of the project for next 2 years till September 2017.
- This Project enabled Centralized Processing of all paper returns also of Karnataka and Goa at Bengaluru.
- CPC and e-filing are Eco friendly Projects
 - CPC and e-filing is leading the Income Tax Department to
 - Paper-less office,
 - Paper-less delivery by phasing out paper based notices, intimations, letters and replacing them by emails, SMS and website driven delivery to taxpayers.
 - Marks an effort made by department to reduce carbon imprint and "GO GREEN".

13.15.5. Project Name: e- Sahyog

The "e-Sahyog" project launched in Oct'2015 on a pilot basis, is aimed at reducing compliance cost, especially for small taxpayers. The objective of "e-Sahyog" is to provide an online mechanism to resolve any mismatch or discrepancy in information as per Income-tax return of the taxpayer vis-à-vis third party information collected by the Department. Under this initiative the Department will provide an end to end e-service using SMS, e-mails to inform the taxpayers of the mismatch. The taxpayer has to login to the e-filing portal to view mismatch related information and submit online response on the issue. Based on the responses by the taxpayers, the issue may be closed or processed for further action. The taxpayer can also check the updated status. The tax payers would also be informed of closure of cases through SMS & e-mail.

Statistics on e-sahyog as on 02.12.2015

1) Number of taxpayers selected under e-sahyog	91,113
2) Number of taxpayers who have submitted their response on e-filing portal under e-sahyog	13,374
3) Number of taxpayers who filed Revised Return of Income after launch of e-sahyog	1,010

13.15.6. Project Name: **Refund Banker**

The Refund Banker project has enabled system driven process for determination, generation, issue, dispatch and credit of refunds. This project has made the process of delivery of refund completely automated, speedy and transparent.

Under the Refund Banker Scheme, paper and electronic refunds determined by the Income Tax Assessing Officers are sent in electronic files by Income Tax Department to

the State Bank of India (SBI), which has been designated as the Refund Banker agent of the Department. The Refund Banker sends ECS or Direct Credits to the bank accounts, where the refunds have been processed for electronic payment. In case of paper refunds, Refund Banker prints and dispatches the refund cheques (payable at par through Core Banking all over India) by speed post to the tax-payers. The electronic method of payment has reduced the delivery time to 1-2 days as against paper refund which takes 4-8 days. The Assessing

Officer's role in issuing refunds is limited to processing the return of income on computer.

A web based status tracking facility in collaboration with India Post and National Securities Depository Ltd. (NSDL) is available under the Scheme. Call centre facility with toll free number 1800-42-59-760 is also available for tracking status of refunds issued through the scheme.

The status of refunds is updated on the departmental application with reasons for non- payment in case of

unpaid or returned refunds, to enable the assessing officers to re-send the refund for payment after removing the deficiency. Audit trail and MIS on unpaid/unpicked refunds (with ageing) are available on system for monitoring status of issue of refunds.

There has been a steady increase in number and percentage of refunds issued through the scheme. During current Financial Year, 2015- 16 (up to December, 2015), the percentage of refunds issued through the scheme is 99.93% of the total number of refunds issued all over India as under:

F. Y.	No. of Refunds (Paid) through Refund Banker	No. of Other Refunds (Paid)	Total	Percentage of Refunds Paid through Refunds Banker
2012-2013	81,48,839	66,733	82,15,572	99.19%
2013-2014	1,03,18,595	41,501	1,03,60,096	99.60%
2014-2015	13556088	22517	13578605	99.84%
2015-16 (up to 29 Dec)	1,60,98,393	10,081	1,61,08,474	99.93%

13.15.7. Project Name: E-Payment

The E-Payment project has enabled online payment of all direct taxes using net banking facility. The scheme provides for ease of payment anytime, anywhere. With effect from 1 April, 2008, e-payment of direct taxes was made mandatory for all Companies and mandatory audit cases.

E-payment facility has been now extended to 30 agency banks collecting direct taxes. SBI has started the e-payment facility online through its debit cards as well. Facility of payment of direct taxes has been launched through ATMs of Corporation Bank, Bank of Maharashtra, Axis Bank, Central Bank, Bank of India, HDFC Bank, Canara Bank, Union Bank of India, Punjab & Sind Bank, Punjab National Bank, Indian Bank, UCO Bank, Andhra Bank, Bank of Baroda and Oriental Bank of Commerce.

In Financial Year 2013-14 the percentage of count and amount of e-tax payments was 64.41 % and 86.48% respectively. In Financial Year 2014-15 the percentage of such count and amount went up to 69.20 % and 87.10% respectively. In F Y 2015-16 (upto 29 Dec), the percentage of count and amount of such payment has gone upto 75% and 89% respectively.

13.15.8. Project Name: Project Insight

The Income Tax Department has initiated 'Project Insight' on Data Warehouse and Business Intelligence (DW&BI) platform to strengthen the non-intrusive information driven approach for improving compliance and effective utilization of information in all areas of tax administration. The Project goals are:

- Promote voluntary compliance and deter noncompliance
- Impart confidence that all eligible persons pay appropriate tax
- Promote fair and judicious tax administration

The objectives of the Project are:

- Widening of tax base
- Deepening of tax base
- Improve compliance with tax laws
- Detect fraud and leakage of revenue
- Support Investigation
- Increase effectiveness of tax collection
- Enhance cooperation with exchange partners
- Generate enterprise wide reports
- Monitor high risk scenarios
- Provide inputs for policy making

The Project will integrate enterprise data warehouse, data mining, web mining, predictive modelling, data exchange, master data management, centralised processing, compliance risk management and case analysis capabilities. A Compliance Management Centralised Processing Centre (CMCPC) will also be set up under the Project to handle resource intensive repetitive tasks and ensure optimum resource mobilisation within ITD for high skill work. The Project is also envisaged to meet the requirements relating to Foreign Account Tax Compliance Act (FATCA), Common

Reporting Standard (CRS) and Automatic Exchange of Information. The project is expected to be rolled out in 2016-17 and would be operational by 2017-18.

13.15.9. Project Name: Non-filers Monitoring System (NMS) Pilot Project

The Non-filers Monitoring System (NMS) was conceptualised as a pilot project under the Data Warehouse and Business Intelligence (DW&BI) Project to prioritise action on potential non-filers. Data analysis was carried out to identify potential non-filers about whom specific information was available in AIR, CIB data and TDS/TCS Returns. The number of non-filers with potential tax liabilities identified in various NMS cycles is as under:

- NMS cycle 1 (2013): 12.19 lakh
- NMS Cycle 2 (2014): 22.09 lakh
- NMS Cycle 3 (2015): 44.07 lakh

A Compliance Management Cell was set up under the Directorate of Systems to capture the response and take follow-up action. A comprehensive online monitoring system was implemented in June, 2013 to ensure that information related to non-filers is effectively used by the field Assessing Officers. The information in respect of the target segment was made available to the jurisdictional assessing officers for continuous monitoring and relevant follow up action.

CBDT issued SOP to ensure that the field formations follow a standard procedure in NMS cases to maintain consistency in their approach. The results of the pilot project are very encouraging and many taxpayers have paid self-assessment tax and filed returns after initiation of the pilot project.

A 'Compliance Module' has been created on the e-filing portal to address various compliance related issues. The compliance module shows the underlying reasons for non-compliance to the taxpayer and enables online capture of response from the taxpayer for further processing.

NMS Cycle 4 has identified 58.95 lakh potential non-filers for AY 2014-15. These cases have been pushed to the compliance module.

13.15.10. Project Name: E-TDS

Project Features

The Centralised Processing Cell for Tax Deduction at source (CPC-TDS) is a technology driven initiative of the Income Tax Department to put in place Non-Intrusive, Non-Adversarial administration in the country. The robust technology platform has been leveraged to provide value added services to more than 15 lakh deductors, 4 crores taxpayers from all over India and abroad and more than 500 officers of the Income Tax Department who are administering the TDS across India.

Centralized Processing Cell – TDS (CPC-TDS) undertakes **end to end processing of TDS statements through a Rule Based Technology enabled system and offers** e-enabled services that are accessible on any-time, any-where basis with no cost to the taxpayers / deductors.. The rule based automated processing of 'Statements' facilitates uniform interpretation of laws, faster turnaround time besides ensuring seamless flow of data for tax credits. CPC-TDS introduces transparency in the processes through online display of information and provides an integrated platform for tax deductors, taxpayers and the officers of Income tax department. Thus, **it forms the backbone of overall TDS administration** in the Income Tax Department.



CPC for End Users

India is one of the very few countries to put in place an initiative of this scale for reconciliation of Tax Deducted at Source.

Concept of CPC-TDS

- Centralized Processing Cell (TDS) provides a comprehensive solution to deductors through 'Tax Deduction, Reconciliation, Analysis and Correction Enabling System (TRACES)' - **its core engine** on the CPC-TDS website www.tdscpc.gov.in. **TDS Assessing Officers (AOs) of the Income tax Department** have been provided Intranet Portal that offers wide variety of functionalities to the AOs.
- CPC-TDS reconciles and co-relates information from various sources including banks (tax payment), deductors (reporting tax deduction), Assessing Officers (mapping no tax / low tax deductions) and tax professionals (reporting international transactions).
- CPC-TDS undertakes bulk processing of TDS statements to generate 'Annual Tax Credit' statements for each taxpayer in Form 26AS, TDS certificates in Form 16 / 16A & identifies TDS defaults of short payment, short deduction, interest, etc.

The users/ stakeholders interact with the CPC-TDS system and with each other through multiple channels of communication including Call Centre, e-mail, website, etc.

Approach and Strategy – USAGE

The Strategy is to encourage & prompt the stakeholders towards 'USAGE' of the facilities. **More 'USAGE'** inherently creates more awareness, transparency & compliance.

- Uniformity** – Uniform interpretation of laws & procedures through conversion of laws into set of mathematical formulae.
- Simplification** – Simplification and standardization of backend & front end processes.
- Accessibility** – Services at the doorstep of taxpayer –any time/ anywhere & realising jurisdiction free tax administration for bulk processes.
- Good Tax Governance** – Each rupee that is collected is accounted for. Robust reconciliation of tax collected vis-à-vis credit claimed.
- Empowerment** - Empowering the tax payer with information, knowledge of laws & procedures and status of the proceedings through multiple communication channels.

Attributes of the CPC-TDS

- Database size – 700 crores transactional data
- State of the art Data Centres at NOIDA and Pune
- Processing Capacity
 - ✓ Processing capacity of more than 1 crore deductee records in 24 hours.
 - ✓ Average processing time < 5 days from the date of receipt of statements at CPC-TDS
 - ✓ Processing capacity of nearly 2000 inbound letters in a day
 - ✓ Processing capacity of nearly 30000 outbound intimations in a day
- Intimation of defaults is also sent to the registered email IDs of the deductors.

CPC-TDS - Game Changer

The core engine of the CPC-TDS viz called TRACES (**Tax Deduction Reconciliation, Analysis & Correction Enabling System**) is a web-based application that provides an interface to all stakeholders associated with TDS administration. The application has three important attributes:-

- **Reconciliation** –On TRACES, **Input** (OLTAS Challan and Original/Correction Statement as received from Tax Information Network) and **output** (Form 16/16A and Form 26AS as produced by TRACES) are duly reconciled. Therefore, TRACES ensures that two sets of records are in agreement.
- **Analysis** - TRACES facilitates compilation of reports that are provided to the Officers in the Income Tax Department for policy making. The reports are also available to the Commissioners of Income Tax/Range Officers & TDS Assessing Officers for enforcement of TDS provisions at the regional levels.
- **Correction Enabling System** – TRACES enables correction systems to the deductors for correcting the challans, statements, etc. This facilitates resolution / closure of defaults. – **GEAPHICAL AND DEMGRAPHIC**

Coverage - Geographical and Demographic

The CPC-TDS services have stakeholders who are **spread across the country**. It works on the "HUB-SPOKE" model, with CPC-TDS being the hub for e-delivery of services. The TDS offices located all over India

act as an extended delivery centers through the e-office model.

Demographic spread

CPC-TDS brings value to various institutions, organizations (both within and outside government). It touches ALL government establishments, banks, financial institutions, corporates on one hand and on the other, provides services to ALL the taxpayers, whether filing tax returns or otherwise. The users of the facilities at CPC-TDS include –

- **More than 4 crores Taxpayers** including corporates, individuals, business entities and others. 35 banks are linked to the CPC-TDS System for online access to Tax Credit Statement (26AS). Around 3 Crore registered users of e-filing website of the Income tax Department have online access to Tax Credit Statement (26AS).
- **More than 15 Lakh Deductors** including more than 1,75,000 offices of the Central & State Governments
- **More than 5000 Government** (Central & state) treasuries, sub-treasuries in each district and other Principal Accounts officers
- **More than 500 Field Officers** of the **Income Tax Department**, spread across the country, who are responsible for TDS administration

Re-engineered process through CPC-TDS

With the inception of CPC-TDS, following processes have been reengineered:-

Issue of Digital TDS Certificate

The traditional practice of manual TDS certificates was a major cause of TDS mismatch in the processing of Income Tax Returns.

The CPC-TDS now generates TDS certificates from the data reported by the deductors and after matching tax payments (reported through banks or other competent entities). **These certificates, having a reference number, are verifiable online and unique for a deductor-deductee combination.** In this way, the amount depicted in the TDS certificate matches with the amount reflected in the Annual Tax Credit Statement. This rules out possibility of a mismatch while processing of Income Tax Returns. More than 52.34 Crore digital TDS certificates have been downloaded by deductors from TRACES website till date.

The matching of TDS credits, while processing of Income Tax Returns, has improved from 89% to 96% over a

period of last two years. Verifiable single version of truth, through reengineering, also eliminates any possibility of fraudulent claim of TDS based on bogus TDS certificates.

Online Correction of TDS statements

The CPC-TDS provides facility for online correction of TDS statements. Thus the deductors can now correct PANs and other attributes of the transactions by promptly filing a correction **any time anywhere**. At the same time, with this facility, any correction, for resolution of defaults can also be carried out at deductor's convenience. More than 6 lakh corrections were received and resolved by the CPC-TDS till date.

E - OFFICE

The CPC-TDS provides an integrated technology driven platform for enabling e-office in the Income Tax Department. Over 500 Officers of the Income Tax Department, administering TDS provisions across India, connect with CPC-TDS system through its Intranet services. In addition, a dedicated Helpdesk for assistance to these officers has been enabled.

The CPC-TDS has re-engineered following processes in the offices of the TDS Field Officers:

- The CPC-TDS provides visibility to the Field Officers as regards grievances of the deductors/taxpayers related to their jurisdiction. This has helped in bringing down physical visits to the ITD office.
- The CPC-TDS provides a facility for Online Generation of Notices and Orders, required for the enforcement of TDS provisions. This has helped in minimizing manual activities for Field Officers and allowing them to focus on supervision and control.
- Online repository of the notices and orders through CPC-TDS facilitates adherence to statutory timelines. The tax demand, raised as consequence of these actions, is also captured in the system.
- The CPC-TDS facilitates consolidation of 'manual demands' and 'System generated demands' on one platform.
- The CPC-TDS provides platform for sharing of knowledge and best practices among the officers of the Income Tax Department through the facility of 'Quality Cases' (QC) and 'Awareness Program' (AP) material upload on the TRACES website.

Centralized Issue & Dispatch of Intimations - Automated Document Management System (DMS)

The intimations are being dispatched from a centralized automated system, through emails, SMS, postal mail and are also being shown on the dashboard of the deductors. With these services in place, the manpower in the department has been relieved of the task of manually sending out intimations. They can now focus on quality tasks.

The deductors also benefit as defaults are intimated to them within seven days of filing of the TDS statement, leading to better compliance. There are better chances of service of intimations, etc because address of communication is same as that stated in the TDS statement. More than 1.96 Crores intimations have been issued since inception of CPC-TDS.

Proactive dissemination of Information - PROMOTING voluntary compliance

The inception of CPC-TDS marks a paradigm shift in the TDS administration towards achieving a Non-Adversarial, Non-Intrusive Tax administration. Around 4.02 Crore educational e-mails on various issues have already been sent by CPC-TDS to the deductors. Timely processing of TDS statements coupled with multifold communication channels (Portal, emails and call centre) has facilitated compliance-driven ecosystem for the deductors. CPC-TDS has leveraged these channels to send specific emails to the target audience (e.g. non-filers, late filers, tax defaulters etc.) with an aim to create 'TDS default free' environment and to promote voluntary compliance.

Three-pronged approach has been adopted to address the closure of the defaults:

- Timely intimation to the deductors –giving sense of “someone watching” - Persuades them for voluntary compliance.
- E-mail & Call Centre campaign - Persuades the deductors to close the defaults.
- ‘Any time Any where’ facility for online correction - Facilitates resolution of defaults.

The impact is clearly visible in the following areas of TDS administration:

- Improvement in filers of TDS Statements within due date.
- Improvement in deposit of tax within due date.
- Reduction in TDS default cases.
- Reduction in quoting of invalid PANs.

Institutionalized mechanisms for Grievance redressal & Communications

The CPC-TDS has put in place a Call Centre for real time support to all the stakeholders. Further, the stakeholders can also reach CPC-TDS through e-mail, Grievance Portal on the website and by writing a letter. The grievances are being handled in a centralized manner and all the stakeholders are given visibility regarding grievance by virtue of an integrated system. More than 10 lakhs grievances have been responded by CPC-TDS since inception.

Data for Policy Formulation and Social Policy Planning

Using data mining and analytics tools, CPC-TDS provides an updated **Management Information System (MIS) and Business Intelligence (BI) reports** to the field authorities. This helps them to focus on the potential cases involving high-risk. Field authorities stand empowered and equipped to take up the enforcement work in effective and efficient manner.

The output of analytical tools also acts as an input for effective policy formulation.

Citizen Centricity

The operationalisation of CPC-TDS has benefitted multiple stakeholders involved in TDS administration by way of an integrated interactive platform for Service Delivery. This has made a tremendous impact on effort, time and cost.

Taxpayers

1. With CPC-TDS generating TDS certificates centrally, the initiative has **eliminated mismatch of tax credits at the time of claiming credit for TDS** in the Income Tax Return.
2. The taxpayers do not have to maintain record of manual paper TDS certificates. All information related to TDS credits, is available online in the form of Annual Tax Credit statement (Form 26AS). The taxpayer has to only verify it from time to time.
3. With the elimination of manual issuance of TDS certificate by the deductor, verification by the Income Tax Department is not required. This **has cut down unnecessary delays in the granting of tax credits**.
4. The availability of Form 26AS online has facilitated accurate & complete reporting of Income. As a consequence, **compliance cost for the taxpayer has come down**.
5. The e-filing website of the Income tax department pre-populates Tax Credit data in the Income Tax Return

based on information sent by CPC-TDS. This has made the process of filing **Income Tax Return easy**.

6. The Annual Tax Credit Statement is updated on a near real time basis. Hence discrepancies in the TDS reported by the deductor, can be reported by **taxpayer to deductor, while the transaction is very recent**.

7. Malpractices in the issuance of refunds, etc have been minimized.

Deductors

- 1. Single Window Delivery:** A comprehensive web based service delivery platform takes care of all the compliance needs of deductors and is a source of constant feedback.
- 2. Online and Offline Correction facility is available on anytime anywhere basis.** This is one of the major components of the integrated interactive platform of CPC-TDS.
- 3. The CPC-TDS has promoted voluntary compliance by the deductors.** Through proactive dissemination of Information, CPC-TDS has been able to **help the deductors in avoiding defaults and consequent costs by providing valuable updates through educational emails and other sources.**

13.15.11. Feedback and Grievance Redressal:

The centralized tracking of grievance ensures that the time taken for redressal is minimized.

13.15.12. Recent Quality Services provided by CPC (TDS):

- (i) **Intermediate Communication in the course of processing of TDS Statements:** CPC (TDS) has implemented the functionality to identify PAN and Challan related errors in the Original TDS Statement filed by the deductors during preliminary scanning and to communicate the same to the respective deductors through SMS text and email registered at TRACES. The deductor is given an opportunity to rectify mistake pointed out by the System in 7 days. CPC(TDS)

has sent over 8 lakh Intermediate Communications so far.

- (ii) **Good Governance Programme:** CPC (TDS) connects with the Deductors as part of its "Good Governance" Programme to continuously test satisfaction levels for various services offered by CPC (TDS). CPC(TDS) connected with over 20,000 end-users as part of this exercise to take their feedbacks.

Following satisfaction results have been achieved with the Good Governance Programme of CPC (TDS):

- (iii) **Call Back facility provisioned by CPC(TDS):** Being sensitive to end-users' requirements, the Inbound Helpdesk IVR facility at CPC (TDS) has provisioned for a call back facility on "Node 8" on the toll free number 1800 103 0344. CPC(TDS) connected with over 28,000 users who used the above facility on IVR. The above facility has been applauded by the deductors, which is extremely convenient and saves their time and effort.
- (iv) **Deductor Awareness Programme:** CPC (TDS), in order to drive Proactive dissemination of Information and promote voluntary compliance, reaches out to the Deductors through email campaigns on a regular basis.

The Income Tax Department has earlier been relying on traditional methods of advertisements, postal letters and seminars to disseminate information. The communications sent out by the department were generic and did not deliver focused message to specific audience.

The inception of CPC-TDS marks a paradigm shift in TDS administration towards achieving a Non-Adversarial, Non-Intrusive Tax administration. More than 4.02 Crore educational e-mails on relevant contemporaneous issues have been sent by CPC-TDS to the deductors:

13.15.13. The performance of CPC(TDS) since the beginning of its operations is presented below:

a. Overall performance:

Description	From 1 st April to 23 rd Dec. 2015
TDS statements processed for 26AS / TDS certificates	66.84 Lakh
TDS statements processed for defaults	21.6 Lakh
No. of intimations issued	Via Email –30 Lakh Via Print – 19.3 Lakh

b. Download statistics

Download Type	From 1 st April to 23 rd Dec. 2015
Form 16A	15.84 Crores
Form 16	3.58 Crores
Form 16B	2.38 Lakhs

c. 26AS views:

No of Taxpayer viewing 26AS : More than 63 lacs
(From 1st April, 2015 to 23rd Dec, 2015)

13.15.14. Project Name: OLTAS (Online Tax Accounting System)

OLTAS project integrates online tax payments made by tax payers with the running ledger accounts of tax payers maintained by the income tax department for tax credit. OLTAS functions in close coordination with RBI, Agency Banks and TIN (presently being managed by NSDL).

The objective of OLTAS project was to do away with the paper trail for tax credit and paper validation system. OLTAS project has been one of the landmark e-governance initiatives undertaken by the department. Under the project, all payments made in bank are uploaded on T+3 basis. Cash payment can be mapped with the bank and the assessee with PAN/TAN irrespective of the place of payment. A country wide network of 30 agency banks and their 13,000 branches including 3 private sector banks are authorized by the RBI for collecting direct tax payments under OLTAS.

Under this Project, the banks enter data of tax payment challans in their computer system and transmit the challan information online to the server of the Tax Information Network (TIN) of the Income-tax Department, maintained by NSDL. Modified File validation instructions have been installed in the software of all collecting banks and at TIN to ensure better data quality. In over 99% of total cases, correct PAN and TAN is being quoted in the challans, which shows definite improvement in quality of tax payment as well as payment data linked by the agency banks.

NSDL extracts the data, prepares OLTAS files and transmits the same to the OLTAS server maintained at NCC, New Delhi. From there, the data is populated into the ITD OLTAS database, enabling the Assessing Officers to give due credit to the taxpayers for the tax payments made by them, and generation of collection reports for AO/ Range Head/CIT/CCIT based on PAN/ TAN jurisdiction, irrespective of the place or mode of payment.

The salient features of the OLTAS Project are as under:

- The collecting and nodal branches of banks can verify the status of the tax payment data transmitted by them to TIN through TIN website tin-nsdl.com.
- The taxpayers can verify their tax payments through Challan Status Enquiry at the TIN website, on the basis of TAN/CIN (Challan Identification Number). Challan Identification Number under OLTAS is a unique combination of BSR Code of the bank/branch, Date of deposit and Challan serial number.
- Reports on top advance tax payers and TDS payers with quarter-wise comparative analysis with preceding financial year are also available to the Commissioners of Income Tax and Commissioners of Income Tax (TDS) for monitoring of collections.
- Monthly MIS reports are generated by TIN for Income Tax Department as well as for Pr. CCA, CBDT and RBI, for monitoring and follow-up.
- TIN provides an OLTAS dashboard facility to the collecting bank branches, their nodal branches as well as their link cells for monitoring upload of tax payment data and for its reconciliation with funds remitted by them to RBI.
- A separate OLTAS dashboard facility is also available through TIN website for the Finance Minister, senior functionaries of CBDT, Chief Commissioners/Director Generals of Income Tax, Commissioners of Income Tax (TDS) and Commissioners of Income Tax (Computer Operations) for monitoring direct tax collections on a daily basis.

During Financial Year, 2015-16 (till Dec 29 2015) the count and amount of tax payment challans handled through OLTAS was 3.32 crore and Rs 5,83,059.16 crore respectively.

13.15.15. Project Name: National Website of th Income Tax Department <http://incometaxindia.gov.in>

A major initiative to enhance taxpayer services was launched by the Income Tax Department on 22.09.2014

with the unveiling of the new National Website (www.incometaxindia.gov.in). The same has been revamped in 2015 and services incorporated keeping in mind feedback received from various users, trade associations and other stakeholders. The website with New Layout was made available for the users and tax payers on 27-11-2015. Several new functionalities, features and services that have been incorporated to make it more user friendly, informative and useful, are-

- **Tax Payer Services:** - It contain list of all the e-services provided by Income-Tax Department along with a lot of new features. Now, Tax Payer can use all the contents of the web site on a single page itself. All the services and contents will be available on maximum two-three clicks.
- **Optimization and Enhancement of Search Engine:** - Contents are searchable as per choice & requirement of user such as section wise search, text search, chapter wise, phrase wise search, and DTAA Treaty comparison utility.
- **Services centric information Page for various services such as PAN/TAN, Return Filing, Tax Payment, and more** have been provided.
- **Cross linking:** - Cross linking across all the sections of Income-Tax Act 1961, has been provided. Further, all related Income-Tax Rules 1962, FAQs, Tax Services, Income-Tax forms are available on that page itself.
- **Providing information to the Tax Payer in the form of FAQs/Tutorials.**
- **A > Z Index page:** - A new of alphabetical index has been provided. Users will be able to navigate all the pages alphabetically.
- **Website is disabled friendly,** The website is disabled friendly and is for blind users, users with partial or poor sight including color blind users and deaf users
- **Website is bilingual and Raj Bhasha compliant.**
- **Separate corner for Senior Citizen**
- Interestingly web site is having information and Videos for Kids
- Website is now one of the most educative sites, built on state of the art technology, having a rich repository of more than 100 Tax and allied Laws, Rules, approximately 10,000 circulars and

Notifications which are cross-referenced & hyperlinked for users' convenience.

During last quarter of 2014 (October to December) total number of visitor hits on website were 20,28,48,435 and 54,15,630 visitors accessed this site whereas in the calendar year 2015 the numbers of visitors hits were 1,26,81,13,355 crore and no. of visitors were 4,07,06,550 which shows usefulness and popularity of new layout of the National website. The new layout of the website has been widely appreciated by a large number of Tax Payers.

13.15.16. Project Name : AST

AST refers to the existing core module of the Income Tax Department and takes care of Assessment related functions wherefore it interacts with all the modules including AIS (PAN), TDS (Tax Deduction At Source), OLTAS (Online Tax Accounting System), E-filing, CPC-ITR Bengaluru, CIB (including AIR) etc for obtaining vital information for the functioning of all the modules. This includes the Global Module (User Authentication) which is required for all Departmental users to access different modules. All returns that are processed or taken up for rectification or scrutiny assessment in either AST or CPC ITR are finally captured in AST and all the results of these proceedings posted in the IRLA (Individual Running Ledger Account) of an Assessee (taxpayer). The System takes care that processing in different systems are coordinated and discrepancies, if any, resolved. The AST has to develop applications for processing returns under different forms and fine tune the IRLA to capture all amendments to the Income Tax Act.

Digitization of paper returns and maintenance of online registers is done in AST as well as processing and post processing activities such as scrutiny, appeal effects, rectification and penalty proceedings. The functionalities have been fine tuned to take care of orders u/s 119 and various other difficulties faced by tax payers.

13.15.17. New Application for Business Process Of Income Tax Department

Income Tax Business Application (ITBA) is the flagship project of the Department for automating all the processes of the Department in the foreseeable future. The project involves re-writing of the existing application, adding yet untouched processes and automating the Human Resource related aspects of the Department. The project is distinct in so far as a single Vendor is responsible for Hardware application as well as its performance and the performance is calibrated against strict Service Level Agreements.

The new application is being designed especially keeping the end user experience and the efficiency of tax

administration in mind. It will be a paradigm shift in the way technology enables ease and efficiency of tax administration. Some of the features of the new application illustrating this shift are **workflow based management system, alert and notification services, consolidated view of tax payers, capability to generate a large number of standard and customized reports for all (authorized users), a uniform mailing solution to all , a full scale HRMS etc. The very landing page (portal after log-in) will make all statistics (customizable by the user) relevant to him/her for the day visible to a user (AO, Range head, CIT, CCIT), enabling him not only to keep updated about statistical details of his charge but also to take better on the spot decisions. Dashboard feature of the application is another powerful tool in the hands of the users to keep them in better control of their work.** With better hardware infrastructure and better software tools, users will have a faster access to various functionalities. To ensure that the services to users do not get interrupted, the service provider performance will be monitored through a separate EMS (Enterprise Management Solution) tool.

Project Timelines:

The new application is scheduled to be rolled out by Mid 2016 and has been currently envisaged to be run for 5 years with the same technology.

Present Status of Project

- *Physical infrastructure for Technology Training Centre completed*
- *Data Centre Services has been migrated from IBM to TCS*
- *E-mailing solution, helpdesk has been rolled out.*
- *New RSA tokens and antivirus installation has been initiated in September 2014*
- *Design and testing of the application is in progress.*
- *Digitization of service books in progress.*
- *Portal, PAN, TAN, Hindi Quarterly Report and CIT Appeal Modules have already been rolled out in 2015.*

13.16. Directorate of Legal & Research

The Directorate of Income-tax (L&R) has been notified as attached office of the CBDT mainly to render technical assistance to the CBDT for examining proposals for filing Special Leave Petitions in the Supreme Court against the adverse judgments of High Courts not acceptable to the Revenue, co-ordination between field offices and MOL/Central Agency Section and to carry out research on specific issues referred by the CBDT.

Number of SLP Proposals received/processed and cases out of such proposals where SLPs were not filed, for the years 2011,2012,2013,2014 & 2015 is as under:

Year	Number of SLP Proposals received/processed	Cases out of such proposals where SLPs were not filed
2011	2288	852
2012	1576	496
2013	1875	704
2014	1519	748
2015 (up to 15/12/2015)	1726	668

Some recent initiatives of the Directorate are as follows:

(a) National Judicial Reference System

This project, titled the “National Judicial Reference System “ (NJRS), has been taken up with the objective of improving litigation management in the Department with the help of technology. The Computerized database of appeals and judgments will help in identifying issues that have attained finality avoiding litigation on settled issues; bunching of similar cases, prioritization of important cases; capacity building and in tax policy analysis.

During the current year, the software has been completely developed and the project achieved a “Go-Live” state on

1st September,2015 About 7500 officers of the Department are already registered for use of NJRS.

Over 1,25,000 Direct Tax Appeals have been scanned under NJRS till date. More than 1,50,000 judgments and data of close of 5,00,000 appeals have also been made available in NJRS. This will go a long way in assisting the officers in taking a consistent view in tax matters and in avoiding litigation on already settled issues. The project also involves scanning of appeal documents. This will help in ready retrieval of appeal records over the lifecycle of the appeal and will also save storage space required for multiple copies of appeals.

NJRS Project is one of the first e-Governance Projects to use data created by other IT systems. It utilizes appeal

data taken from the IT systems of the courts. The data of Supreme Court of India, the 27 ITATs and 3 High Courts (viz. Delhi, Mumbai and Gujarat) has already been successfully integrated in NJRS. Permissions have been obtained from several other High Courts for taking data from their computer systems and efforts are on to integrate such data in NJRS.

(b) Measures initiated to reduce litigation before the appellate forums

The Department has initiated several measures for reducing litigation. For this objective, a separate Bench has been created in the Hon'ble Supreme Court. The Department has taken steps for bunching of cases on identical issue pending before the Supreme Court. The Department has also created a platform in the form of Central Technical Committee to formulate Departmental view on contentious issues. The CTC is examining several contentious issues and also reduce litigation. Further, the Department is taking steps to identify issues which has been accepted by the Department and to give wide publicity of these issue so that the officers of Department as well as the assessee would be aware

thereof, resulting in reduction in litigation. Also, a committee was constituted under Pr. DGIT (L&R) to examine the issue regarding reduction of litigation and a comprehensive report has been prepared and submitted to the CBDT.

13.17. DIT (Expenditure Budget)

The Directorate of Income Tax (Expenditure Budget) was created vide Gazette Notification No. 15/2011/F.No.402/88/13/2011-Comm. (Coord.) dated 18th March, 2011. It acts as a Nodal Authority in respect of all Expenditure Budget matters for the Grant No. 44- Direct Taxes and performs all work related to the management of Expenditure Budget under this Grant. The Directorate also prepares the statement of Budget Estimates for inclusion in the relevant Budget Documents and monitors the progress in expenditure vis-à-vis sanctioned grant. All other matter related to expenditure budget such as R.E., F.R., Audit Matters, Allocation of advance to Govt. servants etc. are taken up by it from time to time.

The details of Expenditure for the financial year are tabulated as under:

REVENUE SEGMENT

(Rs. in thousands)

OBJECT	DESCRIPTION	BE 2015-16	RE 2015-16	Actual Expenditure (till 31 st Jan, 2016)
1	Salaries	27974600	26600000	24445763
2	Wages	300000	249000	199743
3	OTA	6000	6000	2534
6	Medical	340000	245000	190636
11	D.T.E.	700000	477000	375474
12	Foreign travel	12000	10500	4701
13	O.E. (voted)	8677000	8353500	5829259
14	Rent, rates & taxes	2100000	2400000	1745561
16	Publications	30000	27000	18538
20	Other admn expn	742500	696500	599472
26	Advt & publicity	1150000	1120000	637855
27	Minor works	280000	280000	70194
28	Professional srv	580000	409000	279520
32	Contributions	7500	7500	3611
41	Sect srv exp	140000	140000	91284
50	Other charges	34000	29000	14274
99	Information tech.	5250000	5050000	4322632
	TOTAL 'A'	48323600	46100000	38831051

CAPITAL SEGMENT

Minor Head	Description	BE 2015-16	RE 2015-16	Actual Expenditure (till 31 st Jan, 2016)
4059.00.204	Acquisition of Office Accommodation	3237200	840000	147903
4075.00.204	Acquisition of Property XX-C	20000	20000	10883
4216.01.111	Acquisition of Rental Accommodation	2504800	560000	24915
	TOTAL CAPITAL 'B'	5762000	1420000	183701
	GRAND TOTAL 'A+B'	54085600	47520000	39014752

During the current Financial Year 2015-16, the actual expenditure under the Revenue Segment, up to 31st Jan' 2016 is at Rs. 3883.11 crores which is 80.36% of BE of Rs 4832.36 crores and 84.23% of RE of Rs. 4610.00 crores. In Capital Segment, the actual expenditure upto 31st Jan' 2016 is at Rs. 18.37 crores which is 3.19% of BE of Rs 576.20 crores and 12.93% of RE of Rs. 142.00 crores.

Overall, the total expenditure up to 31st Jan' 2016 is Rs. 3901.48 crores is 72.13% of BE of Rs 5408.56 crores and 82.10% of RE of Rs. 4752.00 crores.

The Directorate also regularly monitors the audit objections related to expenditure budget as per is mandate.

13.18. Principal DGIT (Vigilance)

The Vigilance set-up of the Income Tax Department is headed by the Principal Director General of Income Tax (Vigilance). He is also the Chief Vigilance Officer of the Organization. He is responsible for taking the initial decision on complaints against Group-A officers. He is also required to maintain up to date records of such complaints and their latest status, through the prescribed registers, for

submission of quarterly reports to the CVC, DOP&T etc.. All the complaints against Group-A officers are, therefore, required to be forwarded to him for registration in the CVO's register as well as for further necessary action.

As CVO, he is required to examine and comment on all proposals where a reference to the CVC is required to be made. Apart from the officers posted in his headquarters, who assist him in initial processing of complaints and post disciplinary proceeding cases of Group-A officers, four regional Directorates of Income Tax (Vigilance) assist him in conduct of preliminary verifications or investigations. He makes all vigilance related references to CBDT, CVC, DOPT, UPSC etc.. All such references are sent to him through the concerned Zonal ADG(Vig.).

Four Zonal Directorates of Income Tax (Vigilance) assist him in the handling of vigilance matters pertaining to their respective regional jurisdictions.

These Directorates process complaints against Group 'B' officers and also conduct preliminary verifications and investigations in respect of both Group - A and Group - B officers.

Performance and Achievements during Current Year (from January to December, 2015)

Sl. No.	ITEMS OF WORK (DISPOSAL)	Achievements
CORE AREAS OF ACTION		
1	Penalties Imposed	20
2	Out of above J.S. and above Rank	02
3	Charge-sheets given	09
4	Sanction for prosecution approved/granted	05
5	Vigilance clearance issued	6945

13.18.1 Significant Developments

The process of Vigilance Clearance (VC) has been modified and made faster and less cumbersome. The VCs earlier were granted in a period varying from 10/15 days to even two/three months. Now with the revised procedure it has been reduced to 1 day in the cases of individual officers and not more than 7 days in the cases of panel of officers.

13.18.2 Preventive Vigilance

Income Tax Department has celebrated and observed Vigilance Awareness Week from 26.10.2015 to 31.10.2015 throughout the country in the respective Income Tax offices situated at different stations. The officers/officials of Income Tax Department along with their family members participated in the programs/competitions, especially conducted during the week. During the Vigilance Awareness Week banners were displayed at prime locations in all the office buildings. Essay competitions were also organized. The programs at the respective Income Tax Offices concluded with prize distribution functions.

13.18.3 56(j) COMMITTEE

The DoPT has issued an O.M. No. 25013/01/2013-Esstt.A-IV dated 11.09.2015 concerning status of the outcome of the exercise of identifying officers/officials fit for retirement on grounds of integrity under Rule 56(j) of Fundamental Rules (FR) and other Rules of respective grades. Order for Constitution of the Review Committees and Internal Committees for carrying out the Review in respect of Group 'A' Officers of the Income tax Department has been issued by the CBDT.

Pr. CCsIT have formed similar Committees in respect of other Officers and Officials.

13.19. Pr. DGIT (NADT)

Pr. Director General (Training) heads the directorate of training for the officers and staff of the Income tax Department. The National Academy of Direct Taxes (NADT) is the apex training institution of the Group "A" officers of the Indian Revenue Service (IRS) Officers. The NADT is headed by the Pr. Director General (Training). He is assisted by two Additional Directors General and a team of other officers.

The Academy imparts training in core competency areas, disseminates information about the best of academics and practices, provides an international perspective, high quality professional capabilities and cultural sensitivities to officers. It has the core job of conducting 16 months Induction Training for the directly recruited officers of the IRS selected through the UPSC Civil services Examination. The Induction training also includes Parliamentary Attachment, On-the-Job Training, industrial attachment, international attachment, Bharat Darshan, Military attachment. Besides, NADT also imparts 15 week Foundation Course to officers of various civil services.

Besides training, high quality career planning, profiling and progression and continued development of the Direct Taxes Administration personnel are also a part of the NADT's responsibility. Thus, NADT also conducts In-Service programmes for serving officials from the rank of Asstt. Commissioners of Income Tax to Pr. Chief Commissioners of Income Tax. The training programmes are designed based on the training needs analysis of the field formations.

NADT also conducts Organized Courses with Organization for Economic Co-operation & Development (OECD) headquarters in Paris, France on Advanced tax Treaties, International Tax Avoidance etc. Besides it conducts outreach programmes for the officers of other organizations like officers from Customs and Central Excise, Indian Audit and Accounts Service (IAAS), Indian Railway Accounts Service probationers (IRAS), Lok Sabha & Rajya Sabha Secretariat, etc.

Under International Courses, NADT imparted training for officers of National Board of Revenue Bangladesh during the F.Y. 2014-15. It also conducted SAARC seminar on international Taxation and Transfer Pricing during 2014-15.

Besides the NADT, there are 10 DTRTIs functioning under DG (Training), who impart training to group "A" "B" & "C" officers/officials. There are also 30 Ministerial Staff Training Units.

13.20. Chief Commissioner of Income of Tax (Exemption)

The office of Chief Commissioner of Income of Tax (Exemption) (CCIT(E)) is headed by Chief Commissioner

of Income of Tax (Exemption) with Headquarters at New Delhi. There are fourteen Commissioners of Income Tax located at Ahmedabad, Bangalore, Bhopal, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Kochi, Lucknow, Mumbai, Patna, Pune. The CCIT(E) is prescribed authority for approvals under sections 10(23C), 17(2)(ii)(b), 80G(2)(iii)(f), 11(1)(c) etc. and condonation of delay under sections 119(2)(b) for approval by the CBDT. The data base of charitable organizations is being uploaded on the department website which is handled by Pr. DGIT(Systems).

13.21. Principal DGIT (HRD)

Some of the main activities/initiatives of the Directorate of Income Tax(HRD) during the year 2015-16 are as follows:

13.21.1 Annual Performance Appraisal Report (APAR):

The Income Tax Department has brought about changes in the Performance Appraisal System i.e. Annual Performance Appraisal Report (APAR) for the Assessing Officers (Income Tax Officers as well as Assistant Commissioners/Deputy Commissioners of Income Tax) to bring accountability and transparency as well as fairness in the decision making process in the Income Tax Department. These changes shall be applicable for the reporting year 2015-16 i.e. with effect from 01.04.2016.

The changes have been done to assess the performance of the Assessing Officers on the followings criteria:

- a. Quality of Assessment,
- b. Uniform pace of disposal of assessments,
- c. Widening of tax net.

These changes will ensure accountability of Assessing Officers in assessment work, both for demand creation and the quality of assessment orders. Due weightage will be given to legality, fairness and reasonableness of the orders in writing the APARs of these officers. Changes have also been made in the APAR forms to correctly assess the efforts make by the Assessing Officers towards widening of tax base.

13.21.2 Recruitment of Group 'C':

The Income Tax Department has initiated the process of recruitment of officials in Group 'C' cadre at the level of Tax Assistants and Income Tax Inspectors. In the year 2015-16 selection of 1901 candidates in ITI cadre has been made which included 524 OBC, 271 SC and 119 ST candidates. Similarly in the TA cadre 3901 candidates were selected which included 1179 OBC, 676 SC & 293 ST candidates.

13.22. Grievance Redressal Machinery:

Presently, in the Income-tax Department a comprehensive and multilayered Grievance Redressal Machinery is functioning as hereunder:

- (i) A Central Grievance Cell under the Chairman, Central Board of Direct Taxes at New Delhi which is looked after by an officer of the rank of a Director to the Government of India.
- (ii) Regional Grievance Cells under each Chief Commissioner/ Director General of Income-tax. In places like Delhi, Kolkata, Mumbai and Chennai where there is more than one Chief Commissioner, the Regional Grievance Cell functions under the Cadre Controlling Principal Chief Commissioner. A Commissioner of Income Tax (Helpline) is also functional in these four metropolitan cities for settlement of grievances.
- (iii) Out station Grievance Cells which function under Commissioners/Directors of Income Tax in all other places, where there is no Chief Commissioner or Director General of Income Tax.
- (iv) Income-tax Ombudsmen are functioning in 12 cities for speedy and independent resolution of public grievances against the Income Tax Department. The 12 cities where Income tax Ombudsman have been posted are Mumbai, Delhi, Bangalore, Lucknow, Chennai, Pune, Kolkata, Ahmedabad, Hyderabad, Chandigarh, Bhopal and Kochi.

- (v) Under the Sevottam Scheme which is aimed at promoting 'Excellence in Service Delivery', the department has set up AaykarSewaKendras (ASKs) in various buildings of the department in identified stations all over India. The ASKs serve as single window facility to help tax payers in filing applications for services and redressal of grievances including filing of paper returns.
- vi) Besides, CBDT has adopted the web based Centralised Public Grievance Redress and Monitoring System (CPGRAMS) introduced by the Department of Administrative Reforms & Public Grievances for redressal and effective monitoring of grievances lodged online, by the citizens on various issues, related to the Income Tax Department. 54 subordinate offices at the level of the Chief Commissioner & Director General of Income Tax have been created by giving them user ID and Password to monitor and redress grievances received online through this system. Even grievances received through Dak are being scanned and forwarded online to concerned offices for necessary action and report.
- address the grievance to the Regional Grievance Cell functioning under the concerned Principal CCIT or Chief Commissioner of Income Tax. Nodal Officers have been placed in charge of these Cells. Besides, there are facilitation Counters to receive grievance petitions and to assist the public. If the grievance is not redressed by the Regional Grievance Cell within 2 months, an application may be sent to the Central Grievance Cell functioning under the Chairman, Central Board of Direct Taxes. Presently, Director (Hqrs.), CBDT who is the designated nodal officer for grievances in CBDT is responsible for the activities of the Central Grievance Cell, CBDT.
- 13.23. Media Centre**
- The Media Centre, set up in the CBDT in August 2006, disseminates information of public value relating to Direct Taxes through the Print and Electronic Media. During the year, various press releases were issued to bring different important decisions and tax issues to the public notice and to highlight different achievements of the Income Tax Department. Several press briefings of senior functionaries were organized.
- 13.24. Directorate General of Income Tax (Risk Assessment)**

Grievance application can be made on a plain paper to the Grievance Cell functioning under the concerned Commissioner or by directly approaching the concerned officer who needs to redress the grievances, with a copy to the Grievance Cell. The applicant should give his name, address and PAN so that the Grievance Cell can make further communication with him, if required. If the grievance is not redressed even after a month of making the application, the applicant may

The Directorate General of Income Tax (Risk Assessment) is an attached office of CBDT responsible for identifying taxpayers and financial transactions which pose high revenue risk of non compliance or tax evasion and to give inputs for data driven policy decisions. This Risk identification is done without interacting with the assesses; by data analysis of large volume data (big data) collected by the department, either internally or through external sources.

India's DTAA/ TIEA/ Multilateral Agreement as on 31st December, 2015					
Sl. No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Revision of DTAA
1.	Afghanistan	SAARC Multilateral Agreement	13.11.2005	19.5.2010	
2.	Albania	Double Taxation Avoidance Agreement ("DTAA")	08.07.2013	4.12.2013	
		Multilateral Convention on Mutual Administrative Assistance in Tax Matters ("Multilateral Convention")	1.3.2013	1.12.2013	
3.	Andorra	Multilateral Convention	05.11.2013	Not yet in force in Andorra	
4.	Anguilla	Multilateral Convention	Extension by the United Kingdom	01.03.2014	
5.	Argentina	Taxation Information Exchange Agreement ("TIEA")	21.11.2011	28.01.2013	
		Multilateral Convention	03.11.2011	01.01.2013	
6.	Armenia	DTAA	31.10.2003	09.09.2004	DTAA including EOI provisions under revision
7.	Aruba	Multilateral Convention	Extension by the Netherlands	01.09.2013	
8.	Australia	DTAA	25.07.1991	30.12.1991	
		Protocol	16.12.2011	02.04.2013	
		Multilateral Convention	03.11.2011	01.12.2012	
9.	Austria	DTAA	08.11.1999	05.09.2001	DTAA including EOI provisions under revision
		Multilateral Convention	29.5.2013	01.12.2014	
10.	Azerbaijan	Multilateral Convention	23.5.2014	01.09.2015	
11.	Bahamas	TIEA	11.02.2011	01.03.2011	
12.	Bahrain	TIEA	31.05.2012	11.04.2013	
13.	Bangladesh	DTAA	27.08.1991	27.05.1992	
		Protocol	16.02.2013	13.06.2013	
		SAARC Multilateral Agreement	13.11.2005	19.05.2010	
14.	Barbados	Multilateral Convention	28.10.2015	Not yet in force in Barbados	
15.	Belarus	DTAA	27.09.1997	17.07.1998	DTAA including EOI provisions under revision
		Amending Protocol	03.06.2015	19.11.2015	
16.	Belgium	DTAA	26.04.1993	01.10.1997	DTAA including EOI provisions under revision
		Multilateral Convention	04.04.2011	01.04.2015	
17.	Belize	TIEA	18.09.2013	25.11.2013	
		Multilateral Convention	29.05.2013	01.09.2013	
18.	Bermuda	TIEA	07.10.2010	03.11.2010	
		Multilateral Convention	Extension by United Kingdom	01.03.2014	

19.	Bhutan	SAARC Multilateral Agreement	13.11.2005	19.05.2010	
		DTAA	04.03.2013	17.07.2014	
20.	Botswana	DTAA	08.12.2006	30.01.2008	DTAA including EOI provisions under revision
21.	Brazil	DTAA	26.04.1988	11.03.1992	
		Protocol	15.10.2013	Not yet in force	
		Multilateral Convention	03.11.2011	Not yet in force in Brazil	
22.	British Virgin Islands	TIEA	09.02.2011	22.08.2011	
		Multilateral Convention	Extension by United Kingdom	01.03.2014	
23.	Bulgaria	DTAA	26.05.1994	23.06.1995	DTAA including EOI provisions under revision
		Multilateral Convention	26.10.2015	Not yet in force in Bulgaria	
24.	Canada	DTAA	11.01.1996	06.05.1997	DTAA including EOI provisions under revision
		Multilateral Convention	03.11.2011	01.03.2014	
25.	Cameroon	Multilateral Convention	25.06.2014	01.10.2015	
26.	Cayman Islands	TIEA	21.03.2011	08.11.2011	
		Multilateral Convention	Extension by United Kingdom	01.01.2014	
27.	China	DTAA	18.07.1994	21.11.1994	DTAA including EOI provisions under revision
		Multilateral Convention	27.08.2013	01.02.2016	
28.	Chinese Taipei (Taiwan)	DTAA	12.07.2011	12.08.2011	
29.	Chile	Multilateral Convention	24.10.2013	Not yet in force in Chile	
30.	Colombia	DTAA	13.05.2011	07.07.2014	
		Multilateral Convention	23.05.2012	01.07.2014	
31.	Costa Rica	Multilateral Convention	01.03.2012	01.08.2013	
32.	Croatia	DTAA	12.02.2014	06.02.2015	
		Multilateral Convention	11.10.2013	01.06.2014	
33.	Curacao	Multilateral Convention	Extension by the Netherlands	01.09.2013	
34.	Cyprus	DTAA	13.06.1994	21.12.1994	DTAA including EOI provisions under revision
		Multilateral Convention	10.07.2014	05.09.2014	
35.	Czech Republic	DTAA	01.10.1998	27.09.1999	DTAA including EOI provisions under revision
		Multilateral Convention	26.10.2012	01.02.2014	
36.	Denmark ¹	DTAA	08.03.1989	13.06.1989	

37.	Egypt (United Arab Republic)	DTAA	20.02.1969	30.09.1969	DTAA including EOI provisions under revision
38.	El Salvador	Multilateral Convention	01.06.2015	Not yet into force in El Salvador	
39.	Estonia	DTAA	19.09.2011	20.06.2012	
		Multilateral Convention	29.05.2013	01.11.2014	
40.	Ethiopia	DTAA	25.05.2011	15.10.2012	
41.	Faroe Islands	Multilateral Convention	Extension by Denmark	01.06.2011	
42.	Fiji	DTAA	30.01.2014	15.05.2014	
43.	Finland	DTAA	15.01.2010	19.04.2010	
		Multilateral Convention	27.05.2010	01.06.2011	
44.	France	DTAA	29.09.1992	01.08.1994	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.04.2012	
45.	Gabon	Multilateral Convention	03.07.2014	Not yet in force in Gabon	
46.	Georgia	DTAA	24.08.2011	08.12.2011	
		Multilateral Convention	03.11.2010	01.06.2011	
47.	Germany	DTAA	19.06.1995	26.10.1996	DTAA including EOI provisions under revision
		Multilateral Convention	03.11.2011	01.12.2015	
48.	Ghana	Multilateral Convention	10.07.2012	01.09.2013	
49.	Gibraltar	TIEA	01.02.2013	11.03.2013	
		Multilateral Convention	Extension by the United Kingdom	01.03.2014	
50.	Green Land	Multilateral Convention	Extension by the Denmark	01.06.2011	
51.	Greece	DTAA	11.02.1965	17.03.1967	DTAA including EOI provisions under revision
		Multilateral Convention	21.02.2012	01.09.2013	
52.	Guatemala	Multilateral Convention	05.12.2012	Not yet in force in Guatemala	
53.	Guernsey	TIEA	20.12.2011	11.06.2012	
		Multilateral Convention	Extension by the United Kingdom	01.08.2014	
54.	Hungary	DTAA	03.11.2003	04.03.2005	DTAA including EOI provisions under revision
		Multilateral Convention	12.11.2013	01.11.2014	
55.	Iceland	DTAA	23.11.2007	21.12.2007	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.02.2012	
56.	Indonesia	DTAA	07.08.1987	19.12.1987	
		Revised DTAA	27.07.2012	Not yet in force	
		Multilateral Convention	03.11.2011	01.05.2015	
57.	Ireland	DTAA	06.11.2000	26.12.2001	DTAA including EOI provisions under revision

58.	Isle of Man	TIEA	04.02.2011	17.03.2011	
		Multilateral Convention	Extension by the United Kingdom	01.03.2014	
59.	Israel	DTAA	29.01.1996	15.05.1996	DTAA including EOI provisions under revision
		Protocol	14.10.2015	Yet to enter into force	
		Multilateral Convention	24.11.2015	Not yet in force in Israel	
60.	Italy	DTAA	19.02.1993	23.11.1995	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.05.2012	
61.	Japan	DTAA	07.03.1989	29.12.1989	DTAA including EOI provisions under revision
		Multilateral Convention	03.11.2011	01.10.2013	
62.	Jersey	TIEA	03.11.2011	08.05.2012	
		Multilateral Convention	Extension by the United Kingdom	01.06.2014	
63.	Jordan	DTAA	20.04.1999	16.10.1999	DTAA including EOI provisions under revision
64.	Kazakhstan	DTAA	09.12.1996	02.10.1997	DTAA including EOI provisions under revision
		Multilateral Convention	23.12.2013	01.08.2015	
65.	Kenya	DTAA	12.04.1985	20.08.1985	DTAA including EOI provisions under revision
66.	Korea (Republic of)	DTAA	19.07.1985	01.08.1986	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.07.2012	
67.	Kuwait	DTAA	15.06.2006	17.10.2007	DTAA including EOI provisions under revision
68.	Kyrgyz Republic	DTAA	13.04.1999	10.01.2001	DTAA including EOI provisions under revision
69.	Latvia	DTAA	18.09.2013	28.12.2013	
		Multilateral Convention	29.05.2013	01.11.2014	
70.	Liechtenstein	TIEA	28.03.2013	20.01.2014	
		Multilateral Convention	21.11.2013	Not yet in force in Liechtenstein	
71.	Liberia	TIEA	03.10.2011	30.03.2012	
72.	Libya	DTAA	02.03.1981	01.07.1982	DTAA including EOI provisions under revision
73.	Lithuania	DTAA	26.07.2011	10.07.2012	
		Multilateral Convention	07.03.2013	01.06.2014	
74.	Luxembourg	DTAA	02.06.2008	09.07.2009	
		Multilateral Convention	29.05.2013	01.11.2014	
75.	Macau, China	TIEA	03.01.2012	16.04.2012	
76.	Macedonia	DTAA	17.12.2013	12.9.2014	
77.	Malaysia	DTAA	14.05.2001	14.08.2003	
		Revised DTAA	09.05.2012	26.12.2012	

78.		Revised DTAA	09.05.2012	26.12.2012	
79.	Maldives	SAARC Multilateral Agreement	13.11.2005	19.05.2010	
80.	Malta	DTAA	28.09.1994	08.02.1995	
		Revised DTAA	08.04.2013	01.04.2015	
		Multilateral Convention	26.10.2012	01.09.2013	
81.	Mauritius	DTAA	24.08.1982	06.12.1983	DTAA including EOI provisions under revision
		Multilateral Convention	23.06.2015	01.12.2015	
82.	Mexico	DTAA	10.09.2007	01.02.2010	
		Multilateral Convention	27.05.2010	01.09.2012	
83.	Moldova	Multilateral Convention	27.01.2011	01.03.2012	
84.	Monaco	TIEA	31.07.2012	27.03.2013	
			13.10.2014	Not yet in force in Monaco	
85.	Mongolia	DTAA	22.02.1994	29.03.1996	DTAA including EOI provisions under revision
86.	Montenegro	DTAA	08.02.2006	23.09.2008	DTAA including EOI provisions under revision
87.	Montserrat	Multilateral Convention	Extension by the United Kingdom	01.10.2013	
88.	Morocco	DTAA	30.10.1998	20.02.2000	
		Protocol	08.08.2013	Not yet in force	
		Multilateral Convention	21.05.2013	Not yet in force in Morocco	
89.	Mozambique	DTAA	30.09.2010	28.02.2011	
90.	Myanmar	DTAA	02.04.2008	30.01.2009	DTAA including EOI provisions under revision
91.	Namibia	DTAA	15.02.1997	22.01.1999	DTAA including EOI provisions under revision
92.	Nepal	DTAA	18.01.1987	01.11.1988	
		Revised DTAA	27.11.2011	16.03.2012	
		SAARC Multilateral Agreement	13.11.2005	19.05.2010	
93.	Netherlands	DTAA	30.07.1988	21.01.1989	
		Protocol	10.05.2012	02.11.2012	
		Multilateral Convention	27.05.2010	01.09.2013	
94.	New Zealand	DTAA	17.10.1986	03.12.1986	DTAA including EOI provisions under revision
		Multilateral Convention	26.10.2012	01.03.2014	
95.	Nigeria	Multilateral Convention	29.05.2013	01.09.2015	
96.	Niue	Multilateral Convention	27.11.2015	Not yet in force in Niue	
97.	Norway	DTAA	02.02.2011	20.12.2011	
		Multilateral Convention	27.05.2010	01.06.2011	

98.	Oman	DTAA	02.04.1997	03.06.1997	DTAA including EOI provisions under revision
99.	Pakistan	SAARC Multilateral Agreement	13.11.2005	19.05.2010	
100.	Philippines	DTAA	12.02.1990	21.03.1994	DTAA including EOI provisions under revision
		Multilateral Convention	26.09.2014	Not yet in force in Philippines	
101.	Poland	DTAA	21.06.1989	26.10.1989	
		Protocol	29.01.2013	01.06.2014	
		Multilateral Convention	09.07.2010	01.10.2011	
102.	Portugal	DTAA	11.09.1998	30.04.2000	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.03.2015	
103.	Qatar	DTAA	07.04.1999	15.01.2000	DTAA including EOI provisions under revision
104.	Romania	DTAA	10.03.1987	14.11.1987	
		Revised DTAA	08.03.2013	16.12.2013	
		Multilateral Convention	15.10.2012	01.11.2014	
105.	Russia	DTAA	25.03.1997	11.04.1998	DTAA including EOI provisions under revision
		Multilateral Convention	03.11.2011	01.07.2015	
106.	San Marino	TIEA	19.12.2013	29.08.2014	
		Multilateral Convention	21.11.2013	01.12.2015	
107.	Saint Kitts and Nevis	TIEA	11.11.2014	Not yet in force	
108.	Saudi Arabia	DTAA	25.01.2006	01.11.2006	DTAA including EOI provisions under revision
		Multilateral Convention	29.05.2013	Not yet in force in Saudi Arabia	
109.	Serbia	DTAA	08.02.2006	23.09.2008	DTAA including EOI provisions under revision
110.	Seychelles	TIEA	26.08.2015	Yet to enter into force	
		Multilateral Convention	24.02.2015	01.10.2015	
111.	Singapore	DTAA	24.01.1994	27.05.1994	
		Protocol	29.06.2005	01.08.2005	
		Protocol	24.06.2011	01.09.2011	
		Multilateral Convention	29.05.2013	Not yet in force in Singapore	
112.	Saint Maarten	Multilateral Convention	Extension by the Netherlands	01.09.2013	
113.	Slovak Republic	DTAA		01.01.1993	
		Multilateral Convention	29.05.2013	01.03.2014	
114.	Slovenia	DTAA	13.01.2003	17.02.2005	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.06.2011	
115.	South Africa	DTAA	04.12.1996	28.11.1997	
		Protocol	26.7.2013	26.11.2014	
		Multilateral Convention	03.11.2011	01.03.2014	

116.	Spain	DTAA	08.02.1993	12.01.1995	
		Protocol	26.10.2012	Not yet in force	
		Multilateral Convention	11.03.2011	01.01.2013	
117.	Sri Lanka	DTAA	27.01.1982	19.04.1983	
		Revised DTAA	22.01.2013	22.10.2013	
		SAARC Multilateral Agreement	13.11.2005	19.05.2010	
118.	Sudan	DTAA	22.10.2003	15.04.2004	DTAA including EOI provisions under revision
119.	Sweden	DTAA	24.06.1997	25.12.1997	
		Protocol	07.02.2013	16.08.2013	
		Multilateral Convention	27.05.2011	01.09.2011	
120.	Switzerland	DTAA	02.11.1994	29.12.1994	
		Protocol	30.08.2010	07.10.2011	
		Multilateral Convention	15.10.2013	Not yet in force in Switzerland	
121.	Syria	DTAA	06.02.1984	25.06.1985	DTAA including EOI provisions under revision
		Revised DTAA	18.06.2008	10.11.2008	
122.	Tanzania	DTAA	27.05.2011	12.12.2011	
123.	Tajikistan	DTAA	20.11.2008	10.04.2009	DTAA including EOI provisions under revision
124.	Thailand	DTAA	22.03.1985	13.03.1986	DTAA including EOI provisions under revision
		Revised DTAA	29.06.2015	13.10.2015	
125.	Trinidad and Tobago	DTAA	08.02.1999	13.10.1999	DTAA including EOI provisions under revision
126.	Tunisia	Multilateral Convention	16.07.2012	01.02.2014	
127.	Turkey	DTAA	31.01.1995	01.02.1997	DTAA including EOI provisions under revision
		Multilateral Convention	03.11.2011	Not yet in force in Turkey	
128.	Turkmenistan	DTAA	25.02.1997	07.07.1997	DTAA including EOI provisions under revision
129.	Turks & Caicos	Multilateral Convention	Extension by the United Kingdom	01.12.2013	
130.	Uganda	DTAA	30.04.2004	27.08.2004	DTAA including EOI provisions under revision
		Multilateral Convention	04.11.2015	Not yet in force in Uganda	

131.	Ukraine	DTAA	07.04.1999	31.10.2001	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	01.09.2013	
132.	United Arab Emirates	DTAA	29.04.1992	22.09.1993	
		Protocol	26.03.2007	03.10.2007	
		Protocol	16.04.2012	12.03.2013	
133.	United Kingdom	DTAA	25.01.1993	26.10.1993	
		Protocol	30.10.2012	27.12.2013	
		Multilateral Convention	27.05.2010	01.10.2011	
134.	United States	DTAA	12.09.1989	18.12.1990	DTAA including EOI provisions under revision
		Multilateral Convention	27.05.2010	Not yet in force in United States	
135.	Uruguay	DTAA	08.09.2011	21.6.2013	
136.	Uzbekistan	DTAA	29.07.1993	25.01.1994	
		Protocol	11.04.2012	20.07.2012	
137.	Vietnam	DTAA	07.09.1994	02.02.1995	DTAA including EOI provisions under revision
138.	Zambia	DTAA	05.06.1981	18.01.1984	DTAA including EOI provisions under revision

Annexure - 2

Summary of Outcome under BEPS Project
Action 1 – Address the Tax Challenges of the Digital Economy

The Action 1 report concludes that the digital economy cannot be ring-fenced as it is the economy itself. The report analyses BEPS risks exacerbated in the digital economy and shows the expected impact of the measures developed across the BEPS Project. Rules and implementation mechanisms have been developed to help collect value-added tax (VAT) in the country where the consumer is located in the case of cross-border business-to-consumers transactions. This will help to level the playing field between domestic and foreign suppliers and facilitate the efficient collection of VAT due on these transactions. Technical options to deal with the broader tax challenges raised by the digital economy such as nexus and data have been discussed and analysed. As both the challenges and the potential options raise systemic issues regarding the future framework for the taxation of cross-border activities that go beyond BEPS issues, OECD and G20 countries have agreed to monitor developments in this regard.

Action 2 – Neutralise the Effects of Hybrid Mismatch Arrangements

A common approach which will facilitate the convergence of national practices through domestic and treaty rules have been developed under Action 2 to neutralise hybrid mismatch arrangements. This will help to prevent double non-taxation by eliminating the tax benefits of mismatches and to put an end to costly multiple deductions for a single expense, deductions in one country without corresponding taxation in another, and the generation of multiple foreign tax credits for one amount of foreign tax paid. By neutralising the mismatch in tax outcomes, but not otherwise interfering with the use of such instruments or entities, the rules will inhibit the use of these arrangements as a tool for BEPS without adversely impacting cross-border trade and investment.

Action 3 – Strengthen CFC rules

The report on CFC rules establishes guidance based on best practices for the building blocks of effective CFC rules, while recognizing that the policy objectives of these rules vary among jurisdictions. It identifies the challenges to existing CFC rules posed by mobile income such as that from intellectual property, services and digital transactions, and allows jurisdictions to reflect on appropriate policies in this regard. The work emphasizes that CFC rules have a continuing, important role in tackling BEPS, as a backstop to transfer pricing and other rules.

Action 4 – Limit base erosion via interest deductions and other financial payments

A common approach to facilitate the convergence of national rules has been elaborated in the area of interest

deductibility. The influence of tax rules on the location of debt within multinational groups has been established in a number of academic studies and various media reports have shown how groups can easily multiply the level of debt at the individual group entity level via intra-group financing. At the same time, the ability to achieve excessive interest deductions including those that finance the production of exempt or deferred income is best addressed in a coordinated manner given the importance of addressing competitiveness considerations and of ensuring that appropriate interest expense limitations do not themselves lead to double taxation. The common approach aims at ensuring that an entity's net interest deductions are directly linked to the taxable income generated by its economic activities and fostering increased coordination of national rules in this space.

Action 5 - Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance

Current concerns on harmful tax practices are primarily about preferential regimes which can be used for artificial profit shifting and about a lack of transparency in connection with certain rulings. The Action 5 report sets out a minimum standard based on an agreed methodology to assess whether there is substantial activity in a preferential regime. In the context of IP regimes such as patent boxes, consensus was reached on the “nexus” approach. This approach uses expenditures in the country as a proxy for substantial activity and ensures that taxpayers benefiting from these regimes did in fact engage in research and development and incurred actual expenditures on such activities. The same principle can also be applied to other preferential regimes. In the area of transparency, a framework has been agreed for mandatory spontaneous exchange of information on rulings that could give rise to BEPS concerns in the absence of such exchange. The results of the application of the elaborated substantial activity and transparency factors to a number of preferential regimes are included in the report.

Action 6 - Prevent Treaty Abuse

The Action 6 report includes a minimum standard on preventing abuse including through treaty shopping and new rules that provide safeguards to prevent treaty abuse and offer a certain degree of flexibility regarding how to do so. The new treaty anti-abuse rules included in the report first address treaty shopping, which involves strategies through which a person who is not a resident of a State attempts to obtain the benefits of a tax treaty concluded by that State. More targeted rules have been designed to address other forms of treaty abuse. Other changes to the OECD Model Tax Convention have been

agreed to ensure that treaties do not inadvertently prevent the application of domestic anti-abuse rules. A clarification that tax treaties are not intended to be used to generate double non-taxation is provided through a reformulation of the title and preamble of the Model Tax Convention. Finally, the report contains the policy considerations to be taken into account when entering into tax treaties with certain low or no-tax jurisdictions.

Action 7 – Prevent the Artificial Avoidance of PE Status

Tax treaties generally provide that the business profits of a foreign enterprise are taxable in a State only to the extent that the enterprise has in that State a permanent establishment to which the profits are attributable. The definition of permanent establishment included in tax treaties is therefore crucial in determining whether a non-resident enterprise must pay income tax in another State. The report includes changes to the definition of permanent establishment in Article 5 of the OECD Model Tax Convention, which is widely used as the basis for negotiating tax treaties. These changes address techniques used to inappropriately avoid tax nexus, including via replacement of distributors with commissionaire arrangements or via the artificial fragmentation of business activities. Together with the changes to tax treaties proposed in the reports on Actions 2 and 6, the changes will restore taxation in a number of cases where cross-border income would otherwise go untaxed or would be taxed at very low rates as result of the current provisions in tax treaties.

Actions 8-10 - Assure that transfer pricing outcomes are in line with value creation

Transfer pricing rules, which are set out in Article 9 of tax treaties and the Transfer Pricing Guidelines, are used to determine on the basis of the arm's length principle the price for transactions within an MNE group. The existing standards in this area have been strengthened, including the guidance on the arm's length principle and an approach to ensure the appropriate pricing of hard-to-value-intangibles has been agreed upon within the arm's length principle. The work has focused on three key areas. Action 8 looked at transfer pricing issues relating to controlled transactions involving intangibles, since intangibles are by definition mobile and they are often hard-to-value. Misallocation of the profits generated by valuable intangibles has heavily contributed to base erosion and profit shifting. Under action 9, contractual allocations of risk are respected only when they are supported by actual decision-making and thus exercising control over these risks. Action 10 has focused on other high-risk areas, including the scope for addressing profit allocations resulting from controlled transactions which are not commercially rational, the scope for targeting the

use of transfer pricing methods in a way which results in diverting profits from the most economically important activities of the MNE group, and the use of certain type of payments between members of the MNE group (such as management fees and head office expenses) to erode the tax base in the absence of alignment with the value-creation activity undertaken. The combined report contains revised guidance which responds to these issues and ensures that the Transfer Pricing Guidelines secure outcomes that see operational profits aligned with the economic activities which generate them.

BEPS creates additional transfer pricing challenges for developing countries beyond those also experienced by developed countries. The report contains guidance on transactions involving cross-border commodity transactions as well as on low value-adding intra-group services, two areas identified by developing countries as of critical importance. This guidance will be supplemented with further work mandated by the G20 Development Working Group, which will provide knowledge, best practices, and tools for developing countries to price commodity transactions for transfer pricing purposes and to prevent the erosion of their tax bases through common types of base-eroding payments.

Action 11 – Measuring and monitoring BEPS

There are hundreds of empirical studies finding evidence of tax-motivated profit shifting, using different data sources and estimation strategies. While measuring the scope of BEPS is challenging given the complexity of BEPS and existing data limitations, a number of recent studies suggest that global CIT revenue losses due to BEPS could be significant. Action 11 assesses currently available data and methodologies and concludes that significant limitations severely constrain economic analyses of the scale and economic impact of BEPS and improved data and methodologies are required. Noting these data limitations, a dashboard of six BEPS indicators has been constructed, using different data sources and assessing different BEPS channels. These indicators provide strong signals that BEPS exists and suggest it has been increasing over time. New OECD empirical analyses estimate, while acknowledging the complexity of BEPS as well as methodological and data limitations, that the scale of global corporate income tax revenue losses could be between USD 100 to 240 billion annually. The research also finds significant non-fiscal economic distortions arising from BEPS, and proposes recommendations for taking better advantage of available tax data and improving analyses to support the monitoring of BEPS in the future, including through analytical tools to assist countries to evaluate the fiscal effects of BEPS and countermeasures for their countries. Going forward enhancing the economic analysis and monitoring of BEPS

will require countries to improve the collection, compilation and analysis of data.

Action 12 – Require taxpayers to disclose their aggressive tax planning arrangements

The lack of timely, comprehensive and relevant information on aggressive tax planning strategies is one of the main challenges faced by tax authorities worldwide. Early access to such information provides the opportunity to quickly respond to tax risks through informed risk assessment, audits, or changes to legislation. The Action 12 report provides a modular framework of guidance drawn from best practices for use by countries with mandatory disclosure rules which seeks to design a regime that fits host countries' need to obtain early information on aggressive or abusive tax planning schemes and their users. The framework is also intended as a reference for countries that already have mandatory disclosure regimes, in order to enhance the effectiveness of those regimes. The recommendations provide the necessary flexibility to balance a country's need for better and more timely information with the compliance burdens for taxpayers. It also sets out specific best practice recommendations for rules targeting international tax schemes, coupled with the development and implementation of more effective information exchange and co-operation between tax administrations.

Action 13 – Re-examine Transfer Pricing Documentation

Improved and better-coordinated transfer pricing documentation will increase the quality of information provided to tax administrations and limit the compliance burden on businesses. The Action 13 report contains a minimum standard based on a three-tiered standardised approach to transfer pricing documentation. First, the guidance on transfer pricing documentation requires multinational enterprises (MNEs) to provide tax administrations with high-level information regarding their global business operations and transfer pricing policies in a "master file" that is to be available to all relevant tax administrations. Second, it requires that detailed transactional transfer pricing documentation be provided in a "local file" specific to each country, identifying material related-party transactions, the amounts involved in those transactions, and the company's analysis of the transfer pricing determinations they have made with regard to those transactions. Third, large MNEs are required to file a country-by-country report that will provide annually and for each tax jurisdiction in which they do business the amount of revenue, profit before income tax and income tax paid and accrued and other indicators of economic activities. Country-by-country reports should be filed in the ultimate parent entity's jurisdiction and shared automatically through government-

to-government exchange of information. In limited circumstances, secondary mechanisms, including local filing can be used as a backup. An agreed implementation plan will ensure that information is provided to the tax administration in a timely manner, that confidentiality of the reported information is preserved and that the Country-by-Country reports are used appropriately.

Taken together, these three documentation tiers will require taxpayers to articulate consistent transfer pricing positions, and will provide tax administrations with useful information to assess transfer pricing risks, make determinations about where audit resources can most effectively be deployed, and, in the event audits are called for, provide information to commence and target audit enquiries. By ensuring a consistent approach to transfer pricing documentation across countries, and by limiting the need for multiple filings of country-by-country reports through making use of information exchange among tax administrations, MNEs will also see the benefits in terms of a more limited compliance burden.

Action 14 – Make dispute resolution mechanisms more effective

Countries recognize that the changes introduced by the BEPS Project may lead to some uncertainty, and could, without action, increase double taxation and MAP disputes in the short term. Recognizing the importance of removing double taxation as an obstacle to cross-border trade and investment, countries have committed to a minimum standard that will address obstacles that currently prevent the effective and efficient resolution of double taxation cases. In particular, this includes a strong political commitment to the effective and timely resolution of disputes through the mutual agreement procedure. The commitment also includes the establishment of an effective monitoring mechanism to ensure the minimum standard is met and countries make further progress to rapidly resolve disputes. In addition, a large group of countries has committed to quickly adopt mandatory and binding arbitration in their bilateral tax treaties.

Action 15 - Develop a Multilateral Instrument

Drawing on the expertise of public international law and tax experts, the Action 15 report explores the technical feasibility of a multilateral instrument to implement the BEPS treaty-related measures and amend bilateral tax treaties. It concludes that a multilateral instrument is desirable and feasible, and that negotiations for such an instrument should be convened quickly. Based on this analysis, a mandate has been developed for an ad-hoc group, open to the participation of all countries, to develop the multilateral instrument and open it for signature in 2016. So far, 87 countries are participating in the work on an equal footing.

14. Income Tax Settlement Commission

14.1. The Income Tax Settlement Commission (ITSC) was set up in pursuance of the recommendations of the Wanchoo Committee (1971) w.e.f. 01.04.1976. It is an Alternate Disputes Resolution (ADP) body within the realm of Direct Taxes for Settlement of Income Tax and Wealth Tax cases. The main objective for setting up of this Commission was to give a statutory basis for settlement of cases in the interest of revenue. The Settlement Commission was established as a forum of mediation in place of litigation. The aim was to move the conflicting parties to a consensus rather than subjecting them to the adversarial procedure inherent in the regular administration of justice. This was envisaged as an institution for statutory arbitration.

14.2. The Settlement Commission has seven benches as under:

1. One Principal Bench and Two Additional Benches at New Delhi.
2. Two Additional Benches at Mumbai.
3. One Additional Bench at Kolkata.
4. One Additional Bench at Chennai.

14.3. Each bench has three Members. The Principal Bench is presided over by the Chairman and each Additional Bench is presided over by the Vice Chairman.

14.4. An assessee is required to make an application to the Settlement Commission in the prescribed form to get his case settled. He has to disclose an Additional Income not disclosed before the assessing officer and the Additional Tax Payable on the Additional Income should be more than Rs. 50 lakhs in search cases and Rs. 10 lakhs in other cases. The applicants are required to pay the Additional Tax together with the interest before filing the application in the Settlement Commission. The Commission then decides upon the admissibility of the application and in case of admitted applications, the Commission carries out the process of Settlement in a time bound manner by giving opportunity to both the parties. The Application shall be disposed of by the Settlement Commission within 18 months from the date of filing of the application. It has wide power of granting immunity from penalty and prosecution under the Income Tax Act, 1961 and Wealth Tax Act, 1957, which are major source of litigation. The orders passed by the Commission are final and conclusive. At present the benefit of the Settlement mechanism can be availed by a tax payer only once in life-time, who has made the first application as on or after 1st June, 2007. Further details about the Commission are available on its Website. [www.itscindia.gov.in].

14.5. A Statement showing the number of Application filed and disposed of from the year 2009 -10 till 2015-16 (up to December 2015) is given as **Table-A & B** respectively:-

Table-A - Statement of Consolidated Receipt and Disposal of Applications by the Settlement Commission (It & Wt)

Financial Year	Total No. of cases pending at the beginning of the year i.e. 1 st April	No. of cases received during the year	Additions/ due to High Court order	Total for disposal	Total disposal u/s 245D(4) during the year (including) rejection	Total pendency for disposal
1	2	3	4	5	6	7
2009-10	1340	48	53	1388	203	1238
2010-11	1356	108	138	1611	423	1184
2011-12	1209	350	(-)6	1553	376	1177
2012-13	1186	410	(-)4	1592	443	1149
2013-14	1114	363	1	1324	673	441
2014-15	696	507	8	1211	635	576
April, to Dec., 2015	494	434	18	946	268	678

**Table- B - Statement regarding Additional Taxes in Application Received from
01.04.2015 to 31.12.2015**

Sl. No.	Benches	No. of Applications received	No. of Application admitted	Amount of Additional Taxes (in Rs. Crores)
1.	Principal Bench, New Delhi	19	25	195.66
2.	Additional Bench-I, New Delhi	9	14	41.96
3.	Additional Bench-II, New Delhi	17	38	14.07
4.	Additional Bench-I, Mumbai	12	77	150.2
5.	Additional Bench-II, Mumbai	22	39	153.15
6.	Additional Bench, Kolkata	22	29	37.79
7.	Additional Bench, Chennai	61	50	115.94
	Total	162	272	708.77

15. Authority for Advance Rulings (Income Tax)

15.1. The scheme of advance rulings was introduced by the Finance Act, 1993. Chapter XIX-B of the Income-tax Act, which deals with advance rulings, came into force with effect from 1-6-1993. Under the scheme the power of giving advance rulings has been entrusted to an independent adjudicatory body. Accordingly, a high level body headed by a retired judge of the Supreme Court has been set-up. This is empowered to issue rulings, which are binding both on the Income-tax Department and the applicant. The procedure prescribed is simple, inexpensive, expeditious and authoritative.

15.2. Advance Ruling means written opinion or authoritative decision by an Authority empowered to render it with regard to the tax consequences of a transaction or proposed transaction or an assessment in regard thereto. It has been defined in section 245N(a) of the Income-tax Act, 1961 as amended from time-to-time.

15.3. The Authority gives rulings on the taxation issues raised by non-residents relating to transactions undertaken/ proposed to be undertaken with a resident. Residents having transactions with non-residents can also seek ruling in relation to the tax liability of a non-resident. Public Sector Undertakings can also apply to the AAR for a ruling.

15.4. The scope of the Authority has been expanded further vide notification dated 28.11.2014 and now a resident taxpayer can also seek ruling in relation to his income tax liability arising out of one or more transactions

valuing rupees one hundred crore or more in total.

15.5. The ruling given by the Authority is of binding nature and no further appeal against this is provided under the Act.

15.6. Central Sales Tax Appellate Authority- The Authority for Advance Rulings (Income-tax) has also been notified vide notification dated 17.03.2005 (as amended vide notification dated 07.06.2005 as Central Sales Tax Appellate Authority to settle inter-state disputes falling under Section 6A read with Section 9 of the Central Sales Tax Act, 1956. It started functioning w.e.f. 01.03.2006.

15.7. Performance

The Authority has given rulings on diverse issues concerning taxation of non-residents. So far it has pronounced rulings/orders in 1306 (52 in the current financial year till December, 2015) cases of Income Tax Act and 78 (13 in current financial year till December, 2015) cases of Central Sales Tax on intricate issues concerning law and facts. The rulings delivered in income-tax matters have facilitated the non-residents in their investment ventures in India. Many of the questions coming up before the Authority are such where direct decisions of High Courts or the Supreme Court are not available as such.

15.8. Statistical information about the performance of the Authority from financial year 2010-11 to 31st December, 2015 concerning Income Tax cases and Central Sales Tax cases is given in **Table I and 2 below:**

Table-1

Pendency Position of Income Tax Cases as on 31st December, 2015

Financial year	Opening balance	Application Received	Total	Disposed off	C/f
2010-11	44	182	226	13	213
2011-12	213	246	459	105	354
2012-13	354	158	512	88	424
2013-14	424	133	557	64	493
2014-15	493	79	572	40	532
2015-16	532	52	584	52	532

Table-2

Pendency Position of Central Sales Tax Cases as on 31st December, 2015

Financial year	Opening balance	Application Received	Total	Disposed off	C/f
2010-11	07	09	16	01	15
2011-12	15	41	56	11	45
2012-13	45	13	58	-	58
2013-14	58	14	72	02	70
2014-15	70	25	95	02	93
2015-16	93	14	107	13	94

Sl. No.	Benches	No. of Applications received	No. of Application admitted	Amount of Additional Taxes (in Rs. Crores)
1.	Principal Bench, New Delhi	19	25	195.66
2.	Additional Bench-I, New Delhi	9	14	41.96
3.	Additional Bench-II, New Delhi	17	38	14.07
4.	Additional Bench-I, Mumbai	12	77	150.2
5.	Additional Bench-II, Mumbai	22	39	153.15
6.	Additional Bench, Kolkata	22	29	37.79
7.	Additional Bench, Chennai	61	50	115.94
	Total	162	272	708.77

16. Central Economic Intelligence Bureau (CEIB)

16.1. Organization and Functions

16.1.1. The Central Economic Intelligence Bureau is the nodal agency on economic intelligence. It was set up in 1985 for coordinating and strengthening the economic intelligence and enforcement activities under the Ministry of Finance.

16.1.2. The Bureau is headed by a Special Secretary cum Director General who is assisted by two (02) Additional Director Generals (JS-equivalent), Joint Secretary (COFEPOSA), Additional/ Joint Directors (DS/ Director equivalent), Under Secretaries, Deputy Directors (US equivalent) and other staff. The Bureau has a sanctioned strength of 113 officers & staff. Presently it is working with a working strength of 56 only.

16.1.3. In terms of its existing charter, the CEIB functions as

- a) The Secretariat for the Economic Intelligence Council (EIC)
- b) Coordinator and repository of economic intelligence (ECOINT) and
- c) Administers the COFEPOSA Act 1974 at Central Government Level.

16.1.4. As part of its **mandate**, the CEIB

- i. Maintains databases on economic offenders and offences
- ii. Acts as a Think Tank and studies and analyses macro level economic activities
- iii. Supervises and monitors the functioning of Regional Economic Intelligence Councils (REICs), which are coordinating bodies at the field level and comprise of representatives from various Central and State enforcement and investigative agencies dealing with economic offences.
- iv. Organizes training programmes in premier training institutions for officers of the Department of Revenue/ Member agencies of REICs.

16.2. Major activities undertaken by the Bureau during the current financial year 2015- 16 (upto December 2015) are as follows:

16.2.1. **Head of Agencies (HOA):**

16.2.2. The Head of Agencies Committee comprises of

Heads of Intelligence and Investigative Agencies under the Department of Revenue and discusses the trends of intelligence emerging in the economic field. It shares strategic intelligence in the areas of Customs, Central Excise and Service Tax, Income Tax, Hawala, Drugs and FICN and identifies other cases with inter agency ramifications, for joint and / or coordinated action.

16.2.3. Group on Economic Intelligence (GEI):

16.2.4. The Group on Economic Intelligence (GEI) provides a co-ordination platform for sharing of intelligence between the Member Agencies. Inputs shared through this platform help in pooling of resources for coordinated action for combating economic offences, some of which also form predicate offences and the Intelligence so gathered on Trade Based Money Laundering is instrumental in booking cases under PMLA & FEMA. The Bureau, on its own, also develops inputs in the field of economic offences and shares them with appropriate Intelligence and Enforcement Agencies for further action.

16.2.5. Other issues discussed / monitored under the GEI were:

- i. Information on important offenders.
- ii. Dossier Status.
- iii. Identification of issues for examination by GEI like unlawful imports, MLM Schemes, Cross Border Money Laundering, etc.

16.2.6. All above tasks relating to examination/ analysis of Economic offences are spread across vast spectrum ranging from illegal export/ import, money laundering, Fake Indian Currency detection, smuggling of red sanders tax evasion trends, misuse of financial channels like Commercial Banks, Urban Cooperative Banks, Insurance, NBFCs etc which bring to the fore the policy gaps highlighted by CEIB. This data & modus operandi can be used for National Risk Assessment.

16.2.7. Regional Economic Intelligence Councils:

The Bureau monitors the functioning of 30 REICs which are nodal agencies at the regional level for coordinating action of the enforcement/intelligence Agencies at the field level. An additional revenue of Rs.4358.41 lacs have been realized based on the information exchange in the REICs during 2015-16 (till September 2015).

16.2.8. Coordination in some areas

Coordination regarding detection and destruction of illicit opium poppy cultivation: The Bureau coordinates with field Agencies for reporting on illicit opium cultivation in various States and in destruction thereof.

Secure Information Exchange Network (SIEN): As per the decision of the EIC in 2007, a secured network platform for online exchange of intelligence and information has been fully operationalised in the Bureau where under twelve Member Agencies can communicate with each other in a secured environment.

16.2.9. Studies in the Bureau and Reports of Inter-Ministerial Groups:

I The IMG has met and highlighted the following issues:

- a) Problems of regulatory gaps to check the Cross Border Money Laundering/Trade Based Money Laundering arising in trade transactions;
- b) In some cases huge amounts of remittances have been made as advance against imports through banking channels but practically no imports have taken place, thereby indicating clear case of money laundering activity in the guise of trading;
- c) If the importer does not approach the declared bank within stipulated time (approximate time which he ought to declare at the time of import), such information may be captured and sent by the concerned bank back to RBI, and RBI can flag it as a suspect case informing concerned LEAs;
- d) Various typologies of TBML;
- e) Suggestions were also given on the system of electronic flow of data from banking channels and corresponding change in RBI guidelines as well as FEMA Regulations; and
- f) The cases of third party payments coming from unconnected countries or tax havens like Dubai and Hong Kong, though exports from India have taken place to countries like Australia, USA, Panama etc were also discussed.

II Disclosure of the Source of undisclosed Income:

A mechanism is being designed to share potential and relevant cases, wherein, the source of undisclosed income has been reflected in the IT returns by field formations of CBDT in REICs. The Bureau is coordinating with CBDT on the issue.

16.2.10. Some Major cases coordinated by the Bureau relate to:

I. Dissemination of cases culled out from reports received in the Bureau:

- a) On account of sharing of the information having inter Agency implication, an amount of Rs. 13.89

Crores during the period 2014-15 and till date have been realized by IG (Registration) and Service Tax Authorities in REIC Jaipur, Bhopal and Bangluru. Further demands/SCNs to the tune of Rs. 22.81 Crores were raised / issued by Service Tax and Commercial Taxes Departments, Jaipur. Further a demand of Rs. 78.05 Lakhs has also been raised by the Commercial Tax Department.

b) STRs relating to Multi-Level Marketing (MLM) Schemes received from FIU-IND were duly analysed and disseminated to concerned Chief Secretaries of States for appropriate action. During 2014-15, the Karnataka Government had booked 55 cases having transactions amounting to Rs.174 Crores against MLM Companies based on the inputs shared by CEIB.

c) During the period January 2015 to December 2015, 67 cases related to Central Excise duty evasion amounting Rs. 760.22 crores have been shared with 30 Regional Economic Intelligence Council (REIC) forums.

d) Thirty Seven (37) cases of Service Tax/ Central Excise duty evasion amounting to Rs. 1347.25 crores have been shared with Income Tax Department.

e) During the period from January 2015 to December 2015, 26 cases of Customs duty evasion amounting to Rs. 172.99 crores were shared with 30 Regional Economic Intelligence Council (REIC) forums.

II. Bank Fraud

An information on misuse of Bank Loans and Technology Up-gradation Fund Scheme (TUFS) of more than Rs. 3000 Crores and violation of various Acts by a Group Company was recorded and developed in the Bureau. The Group consisting of 8 companies has taken more than Rs. 3000 Crores from various Public Sector Banks by submitting forged/ fake document and instead of investing this money in the projects has diverted more than 95 % of the same for

- Buying Lands/Flats/Building/Malls at various places across the country
- Buying shares
- Jacking up prices of shares of listed companies
- Parking of money overseas.

On the basis of the information shared by the Bureau, Income Tax Department has been able to establish that

the Group Companies has purchased machinery/fabrics to the tune of Rs. 502.44 crores from non-existing concerns. On verification, these purchase bills have been found to be bogus.

DGCEI has issued 16 Show Cause Notice (SCNs) demanding duty of Rs. 17.46 crores and Service Tax amounting to Rs. 1.59 crores has already been recovered.

III. Money Stashed in Overseas Accounts:

The Bureau had forwarded to CBDT, ED, FIU, DRI and DGCEI, a list containing over 600 names and addresses of individuals/entities of Indian origin who may have stashed funds abroad in tax havens. Certificates of Incorporation of 11 legal entities listed in the ICIJ Report which were received from two FIUs of foreign countries were shared with CBDT for further action.

CBDT has informed that 542 Indian persons have been traced so far and 431 persons found to be 'Resident'. On verification of Income Tax Returns in these cases, it was found that details of offshore entities/ transactions were not disclosed to the Income Tax Department. During the course of investigation, 183 persons have admitted their relationship with such offshore entities/transactions. An amount of about Rs. 135 Crore has been admitted by certain assesses as their undisclosed income relating to offshore transactions. Out of these, in 3 cases prosecution complaints have been filed under Income Tax Act 1961.

IV. Bogus Sales Bills:

Based on the initiative taken by the Bureau, the Commercial Taxes Department of various State Governments had started taking various steps including development of computerized modules to detect evasion of VAT/Bogus sales bills. During this year on Bogus sales bills issue REIC Pune has collected Rs. 173.93 Crores and REIC Meerut has collected Rs 1.14 Crores.

16.2.11. NEIN DATABASE

CEIB maintains a database of Dossiers of Economic Offenders/ Suspected Tax Evaders, on the basis of the inputs received from the Law Enforcement Agencies across the country. CEIB so far has 6235 dossiers. The Bureau periodically reviews the dossiers and seeks

updates from concerned member agencies to keep data base current and relevant. Bureau also has details of over 30,000 offence cases, booked by various agencies.

16.3. Fake Indian Currency Notes (FICN):

In pursuance of GOM Report tasking the NSCS to track the developments relating to Fake Indian Currency Notes and to alert concerned Agencies, the Central Economic Intelligence Bureau was directed vide the Cabinet Secretariat (NSCS) U.O. No.C-183/1/2001/NSCS (CS) dated 22nd May, 2001 to take steps to keep NSCS informed on a continual basis regarding the development as far as printing, smuggling and circulation of Fake Indian Currency were concerned.

16.4. Administration of COFEPOSA Act:

Smuggling foreign exchange racketeering and related activities violations have a deleterious effect on the national economy and thereby a serious adverse effect on the security of the state. To deal with this menace, the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA Act) has been enacted to provide for preventive detention law to detain smugglers and foreign exchange manipulators from indulging in these prejudicial activities. The COFEPOSA Division of the Department functioning under the Central Economic Intelligence Bureau administers this Act. During the year 2015, Preventive Detention Orders were passed against 72 persons and 66 persons (including some absconders from Detention Orders of previous years) were detained under the COFEPOSA Act.

16.5. Coordination with FIU-IND:

There is a regular inflow of inputs from FIU-IND, which is disseminated for further action by the Bureau after due process. The inputs are found useful for economic intelligence.

16.6. Training:

The Bureau organizes training courses at various specialized training institutions to enhance the investigative skills and intelligence gathering techniques for the Revenue officers.

17. Directorate of Enforcement

17.1. Organization and Functions

17.1.1. The Directorate of Enforcement is headed by the Director of Enforcement. The other officers of the Directorate are Special Directors, Additional Directors, Joint Directors, Deputy Legal Advisor, Deputy Directors, Assistant Legal Advisors, Assistant Directors, Enforcement Officers and Assistant Enforcement Officers assisted by other ministerial staff. In view of the enhanced role of the Directorate in the enforcement of the Prevention of the Money Laundering Act (PMLA), 2002, the strength of the Directorate was restructured by Government in March, 2011.

17.1.2. The Directorate has a Head Quarters Office at New Delhi, 05 Regional Offices at New Delhi, Mumbai, Kolkata, Chennai and Chandigarh besides 16 Zonal Offices and 22 Sub Zonal Offices.

17.2. Functions of Executive Wing

The Directorate of Enforcement implements two Acts viz. Foreign Exchange Management Act, 1999 (FEMA) and Prevention of Money Laundering Act, 2002 (PMLA). FEMA replaced the Foreign Exchange Regulation Act, 1973 (FERA) with effect from 01.06.2000. The Directorate also continues to perform the residual work under the repealed FERA, 1973. The Directorate also implements the provisions of COFEPOSA, 1974.

The main functions of the Directorate are as under:-

- i) To collect, develop and disseminate intelligence relating to contraventions of FEMA. The intelligence inputs are received from various sources such as Central and State Intelligence agencies, RBI, complaints, information gathered by officers, etc.
- ii) To investigate suspected contraventions of the provisions of FEMA relating to activities such as Hawala, unauthorized dealings in foreign exchange, non-realization of export proceeds, unauthorized retention of funds abroad including bank accounts, unauthorized acquisition of immovable properties abroad, contraventions relating to Foreign Direct Investments (FDIs), External Commercial Borrowings (ECBs), Foreign Currency Convertible Bonds (FCCBs), etc.)
- iii) To adjudicate cases of violations of the erstwhile FERA, 1973 and FEMA, 1999.
- iv) To realize penalties imposed on conclusion of adjudication proceedings.

- v) To handle appeals under FEMA.
- vi) To handle appeals and prosecution cases under the erstwhile FERA, 1973.
- vii) To process and recommend cases for detention under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act (COFEPOSA) in respect of contraventions under FEMA.
- viii) To initiate investigations under PMLA to ascertain whether proceeds of crime have been generated from the Scheduled offence booked by the concerned Law Enforcement Agency and such proceeds have been laundered. If a prima facie case of money laundering is made out, to attach the property derived from the proceeds of crime.
- ix) To file prosecution complaints in the designated PMLA Court for the offence of money laundering under PMLA.
- x) To provide and seek mutual legal assistance to/from contracting states in respect of attachment/confiscation of proceeds of crime as well as in respect of transfer of accused persons under PMLA.
- xi) To facilitate international cooperation in Anti-Money Laundering (AML) efforts.

17.3. Highlights of the Performance and Achievements during the year 2015-16 (1st January- 31st December, 2015)

The performance and achievements of the Directorate during the year 2015-16 (up to December, 2015) are as per **Table - 1** (in respect of FEMA and FERA) and **Table - 2** (in respect of PMLA).

17.4. Performance / Achievements in 2014-15

The performance and achievements of the Directorate during the financial year 2014-15 are as per **Table - 3** (in respect of FEMA and FERA). The performance and achievements of the Directorate during the financial year 2014-15 are as per **Table - 4** (in respect of PMLA).

Comparison in disposal of the cases viz-a-viz the corresponding period of 2014 is as **under: -**

FEMA	Cases under Investigation				
	Pending at beginning of the year, 01.01.2015	Registered during the year, 01.01.2015-31.12.2015	Disposed off during 01.01.2015-31.12.2015	Pendency as on 31.12.2015	Percentage disposal w.r.t. pendency
	5222 (5955)	1406 (818)	1528 (1551)	5100 (5222)	29.26% (26.0%)

PMLA	Cases under Investigation				
	Pending at beginning of the year, 01.01.2015	Registered during the year, 01.01.2015-31.12.2015	Disposed off during 01.01.2015-31.12.2015	Pendency as on 31.12.2015	Percentage disposal w.r.t. pendency
	1445 (1531)	143 (189)	339 (275)	1249 (1445)	23.46% (17.9%)

Remarks: - Figures in the brackets are the figures for the corresponding period of 2014

17.5. E- Governance

Enforcement Directorate, Headquarters Office and zonal offices have their own LAN, which is connected to NICNET WAN, ED HQ and Zonal offices are using the office automation tool like Microsoft Office, to accomplish the day to day activities like preparing letter, excel sheet and graphs

Some e-governance initiatives taken by the Directorate of Enforcement are as under:-

i) Website: Directorate has a web site having the contents in both English and Hindi, where citizen can get information related to this office, various acts enforced and other related information. Recently, the website has been completely revamped to provide for a new and user friendly interface. Apart from it, various new features like Details of Confirmed Attached Properties, Information about senior officers, contact information of PIOs for providing information under RTI Act etc. have also been added. ii) Comp DDO: A pay roll system has been implemented for managing the salary of its employees. iii) E-mail: NIC email id has been provided to officials. iv) Video Conferencing: A web based Video Conferencing system has been introduced in the Directorate.	v) MPR (Monthly Progressive Report): A web based application has been developed to enter and consolidate the statistical information related to monthly progressive report to FERA, FEMA, and PMLA related cases. vi) MIP (Monthly Integrated Proforma): A web based application has been developed to enter and consolidate the information related to monthly Integrated Proforma for PMLA. vii) Employee Information System (EIS): This is a web based application to store, process and generate the various reports of an employee. It provides the information of an employee such as present post, place of posting, date of joining in Enforcement Directorate, date of birth and retirement, mode of recruitment, next date of promotion and post, information of sanctioned post, working post and vacant post at Directorate and its subordinate offices. viii) Legal Cases Monitoring System (LCMS): This is a web based application to monitor the status of the legal cases filed by the Directorate or by the Party in Supreme Court, PMLA Tribunal, PMLA Adjudication Authority and PMLA Special Court. It captures the information such as Petition Number, Petitioner Name, Role of DoE, Concern Zone Name, ECIR Number, PAO Number etc. It records the status/progress of the case on last date hearing.

ix) Enforcement Directorate Offenders Tracking System (E-DOT): A web based application for FEMA and PMLA cases has been developed to capture and create a database for FEMA and PMLA related cases starting from the T-3 file stage. This has been developed in ASP.Net technology to provide the user friendly interface to the users, and SQL Server as a backend database to store the data. Forms have been designed with user friendly interface.

x) Notice Board Application: A new application 'Notice Board' has been developed for uploading/publishing/viewing the various circulars/downloadable forms/training related information/important judgments under FEMA/PMLA etc. The uploaded information is grouped into major category and then in sub categories. On login, it will display the list of all the major categories and which in turn is hyperlinked to display the details of uploaded information for this major category. This application is a ROLE based and there are four pre-defined ROLE viz. 'ADMIN', 'ENTRY', 'PUBLISH' and 'VIEW'. There are further options for raising queries based on various parameters like Category, Circular Year, Circular Number and subject.

xi) Expenditure Monitoring System (EMS): This application is developed to capture the details of budget estimates, budget allocation, and monthly expenditure by the various officers of the directorate.

xii) National Risk Assessment Monitoring System: This is a web based application developed for creating a database with respect to National Risk Assessment exercise being undertaken at the Directorate. The basic objectives of this application is to provide the option for capturing the offender's details such as ECIR No., FIR No., Predicate offence and its corresponding section, status of predicate offence and total value of POC accessed by LEA and ED, status of LR sent to foreign countries and modus operandi used by the offenders/conspirator.

xiii) Discussion forum: This is a web based application for collaboration or discussion where officials can hold conversations in the form of posted messages/replies. A discussion forum is an area where participants can discuss a topic or a group of related topic. Within each subject, participants can create multiple threads. A thread includes the initial post and all replies to it. Users can participate in any available topics relevant to the department.

xiv) FTS: FTS application is being reconfigured to meet the requirement of the Directorate. A new instance of data base and application has been created on the existing server. New sections and users are being created as per the requirement of the Directorate.

17.6. Grievances Redressal Machinery

Grievance officers have been nominated at Headquarters Office and Zonal / Sub-Zonal Offices of the Directorate for re-dressal of public/staff grievances and prompt action is being taken to redress their grievances.

17.7. Gender Budgeting / Empowerment of Women:

No fresh case has been reported regarding sexual harassment at work place during the year 2015-16.

17.8. Activities Undertaken for Disability Sector & SC/ST & Other Weaker Sections of the Society.

The rules framed by the Government and guidelines issued from time to time are adhered to and followed by the Directorate.

17.9. Other initiatives in ED

A. Swachh Bharat Abhiyan launched by our Hon'ble Prime Minister on 2nd October, 2014 is being vigorously followed by this Directorate. On 2nd October, a pledge ceremony was organized across all offices of Enforcement Directorate where all the officers and staff members took pledge to keep our nation 'Swachh'. Further, various drives have been organized including installation of banners for creating awareness among citizens and government officials towards the cause of this "Abhiyan". Regular inspection of the office premises is also being done.

B. The Biometric Attendance System has also been installed in various offices of this Directorate including the Headquarters where it was installed during October, 2014. The same is being continuously monitored for any aberration from defined rules & regulations by employees.

C. A Vigilance Awareness Week was also organized by the Directorate during 3rd to 7th November, 2015 to create awareness among staff to check corruption at every level so that a corruption free society could be attained.

Table – 1**(FERA & FEMA)****STATISTICAL DATA FROM JAN, 2015 TO DEC, 2015**

A	Searches & Seizures	FEMA			
1	Searches Conducted	90			
2	FE seized (Rs. in Lakhs)	562.29			
3	IC seized (Rs. in Lakhs)	3609.53			
B	Investigation	FEMA			
1	Initiated	1406			
2	Disposed	1528			
3	Pending	5100			
4	SCNs issued	569			
C	Adjudication	FERA		FEMA	Total
1	Cases Adjudicated	272	+	643	915
2	Cases pending adjudication	602	+	1264	1866
3	Confiscation of Foreign Exchange (Rs. in Lakhs)	0.62	+	125.78	126.4
4	Confiscation of Indian Currency (Rs. in Lakhs)	24.54	+	610.75	635.29
D	Penalties	FERA		FEMA	Total
1	Imposed (Rs. in Lakhs)	2644.33	+	10283.9	12928.23
2	Realized (Rs. in Lakhs)	59.52	+	4289.61	4349.13
3	Pending for realization (Rs. in Lakhs)	875982.4	+	182214.2	1058196.61
E	COFEPOSA	FERA		FEMA	Total
1	Orders issued	0	+	3	3
2	Detained	1	+	7	8
F	Prosecutions	FERA		FEMA	Total
1	Disposal	20	+	0	20
i)	Conviction	4	+	0	4
ii)	Acquittal	4	+	0	4
iii)	Discharge	6	+	0	6
iv)	Withdrawn	1	+	0	1
v)	Otherwise disposed off	5	+	0	5
vi)	Cases reduced	0	+	0	0
2	Pending	2865	+	0	2865

Table – 2

(PMLA)		
<u>STATISTICAL DATA OF PMLA CASES FROM JAN, 2015 TO DEC, 2015</u>		
Sl. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	143
2.	No. of provisional Attachment Orders issued	136
3.	Value of properties under attachment (in Lacs of Rupees)	364084.09
4.	No. of PAOs confirmed	127
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	305510.76
6.	No. of PAOs not confirmed by the Adjudicating Authority	2
7.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	14.59
8.	No. of Appeals before Tribunal	
	a) Filed by the party	107
	b) Filed by the Directorate	4
	Total:	111
9.	No. of persons arrested	41
10.	No. of cases in which prosecution complaints filed	78
*02 PAOs was partially not confirmed		

Table – 3

(FERA & FEMA)					
STATISTICAL DATA FROM JAN, 2014 TO DEC, 2014					
A	Searches & Seizures	FEMA			
1	Searches Conducted	80			
2	FE seized (Rs. in Lakhs)	761.62			
3	IC seized (Rs. in Lakhs)	1671.88			
B	Investigation	FEMA			
1	Initiated	818			
2	Disposed	1551			
3	Pending	5222			
4	SCNs issued	671			
C	Adjudication	FERA		FEMA	Total
1	Cases Adjudicated	231	+	846	1077
2	Cases pending adjudication	863	+	1338	2201
3	Confiscation of Foreign Exchange (Rs. in Lakhs)	0	+	65.81	65.81
4	Confiscation of Indian Currency (Rs. in Lakhs)	0	+	620.54	620.54
D	Penalties	FERA		FEMA	Total
1	Imposed (Rs. in Lakhs)	3836.76	+	4253.4	8090.16
2	Realized (Rs. in Lakhs)	477.07	+	537.21	1014.28
3	Pending for realization (Rs. in Lakhs)	873400.46	+	177345.12	1050745.58
E	COFEPOSA	FERA		FEMA	Total
1	Orders issued	0	+	0	0
2	Detained	0	+	1	1
F	Prosecutions	FERA		FEMA	Total
1	Disposal	42	+	0	42
i)	Conviction	10	+	0	10
ii)	Acquittal	4	+	0	4
iii)	Discharge	4	+	0	4
iv)	Withdrawn	10	+	0	10
v)	Otherwise disposed off	10	+	0	10
vi)	Cases reduced	4	+	0	4
2	Pending	3267	+	0	3267

Table – 4

(PMLA)		
STATISTICAL DATA OF PMLA CASES FROM JAN, 2014 TO DEC, 2014		
Sl. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	189
2.	No. of provisional Attachment Orders issued	138
3.	Value of properties under attachment (in Lacs of Rupees)	275516.33
4.	No. of PAOs confirmed	122
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	181613.72
6.	No. of PAOs not confirmed by the Adjudicating Authority	4*
7.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	772.05
8.	No. of Appeals before Tribunal	
	a) Filed by the party	118
	b) Filed by the Directorate	4
	Total:	122
9.	No. of persons arrested	9
10.	No. of cases in which prosecution complaints filed	55
*One PAO was partially not confirmed		

18. Financial Intelligence Unit – India (FIU-IND)

18.1. Background and function of FIU-IND

18.1.1. Financial Intelligence Unit-India (FIU-IND) was set up by the Govt. of India to coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.

The **main functions of FIU-IND** include all matters pertaining to

- a) Analysis of information/reports received from Reporting Entities as per the provisions of Prevention of Money-laundering Act, 2002, (PMLA) and Rules made thereunder and their dissemination to authorized domestic agencies for further action.
- b) Enforcement of the provision of PMLA insofar as it relates to FIU-IND
- c) Egmont Group and exchange of information with foreign FIUs
- d) Interface with reporting entities and their regulators and domestic agencies authorized to receive information from FIU-IND including promoting awareness about AML/CFT, capacity building and training.

18.2. Highlights of the Performance/ achievements during 2015-16 (Upto October 2015)

⇒ Collection of information

- **10, 79,389** Cash Transaction Reports (CTRs) received
- **68,550** Suspicious Transaction Reports (STRs) received
- **1, 32,195** Counterfeit Currency Reports (CCRs) received
- **2,70,978** NPO Transaction Report (NTRs) received

⇒ Analysis and Dissemination of Information

- **59,019** STRs processed (retained + disseminated 24760+34259).

- **34,259** STRs disseminated

⇒ Collaboration with domestic Law Enforcement and Intelligence Agencies

- Regular interaction and exchange of information
- Received **348** requests for information from Intelligence & Law Enforcement agencies
- Provided information in **333** cases requested by the agencies

⇒ Regional and global AML/CFT efforts

- **55** requests received from foreign FIUs
- **49** requests sent to foreign FIUs

⇒ Increasing awareness about money laundering and terrorist financing

- Contribution in **20** seminars and training workshops covering **578** participants
- Arranged **4** training programmes with LEAs and attended by **82** participants.

⇒ Improving compliance with the PMLA

- **20** review meetings held with Reporting Entities.
- ⇒ Strengthening legislative and regulatory framework

➤ Regular interaction with the Department of Revenue and Regulators

➤ Involvement in framing of the amendments to Prevention of Money Laundering Act, 2002 and PML (Maintenance of Records) Rules, 2005.

➤ Participation in proceedings of the AML Steering Committee for evolving Risk Based approach and framing of the National ML/ TF Risk Assessment.

18.3. e-Governance Activities

18.3.1. FIU-initiated project FINnet 2006 with the objective to 'Adopt Industry Best Practices and appropriate technology to collect, analyze and disseminate valuable financial information for combating money laundering and related crimes.

19. Integrated Financial Unit (IFU)

Integrated Finance Division of the Department of Revenue is under the direct supervision of Additional Secretary & Financial Advisor (Finance). There are three units dealing with budget, finance and expenditure management in respect of the grants pertaining to Department of Revenue, Direct Taxes and Indirect Taxes. Director (Finance), D/o Revenue/Excise & Customs and Director (Finance), Direct Taxes/Expenditure assist the AS&FA (Fin).

19.1. Activities undertaken by the Integrated Finance Unit

All offices under the Department of Revenue, which *inter-alia* include Revenue headquarters, Central Board of Direct Taxes, Central Board of Excise & Customs, Narcotics Control Division, Central Bureau of Narcotics, Chief Controller of Factories, Central Economic Intelligence Bureau, Financial Intelligence Unit (FIU-IND), Enforcement Directorate, Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Settlement Commission (IT/WT), Authority for Advance Rulings, Appellate Tribunal for Forfeited Property, Adjudicating Authority under PMLA, Income Tax Ombudsman, National Committee for Promotion of Social & Economic Welfare, all field offices of Income Tax Department which include Directorate General of Income Tax (Systems), Directorate General of Income Tax (Legal & Research), Directorate of Income Tax (O&M Services), Directorate of Income Tax (Infrastructure), National Academy of Direct Taxes and other field offices under the Central Board of Direct Taxes, all field offices under Central Board of Excise & Customs which include Directorate General of Systems & Data Management, Directorate General of Human Resource Development, Directorate of Revenue Intelligence, Directorate General of Central Excise Intelligence, Directorate General of Service Tax, National Academy of Customs, Excise & Narcotics, etc., are serviced by the three units of Integrated Finance Division in terms of Budget formulation, allocation, expenditure monitoring, control, enforcing economy, scrutiny and sanction of expenditure proposals beyond the delegated powers of field offices.

19.2. Details of expenditure and financial proposals scrutinized and approved

- a) Creation and continuation of posts, construction/purchase/hiring of offices, as well as residential accommodation for the field formations of Central Board of Excise & Customs and Central Board of Direct Taxes, Department of Revenue and its attached offices.
- b) Procurement of goods and services including procurement of anti-smuggling equipments i.e. scanners and marine vessels.
- c) Proposals for deputation abroad of officers of the Department, CBDT, CBEC and their field offices.
- d) Restructuring proposals, redeployment of personnel in field formations and constituent units.
- e) Comprehensive Computerization of Department of Revenue, its field formation including Customs and Central Excise formations and Income Tax field formations.
- f) Proposals from Committee of Management (COM), D/o Revenue which oversees the functioning of Government Opium & Alkaloid Works (GOAWs).
- g) Grants-in-aid to National Institute of Public Finance & Policy and Central Revenue Sports & Cultural Board.
- h) Proposals for Standing Finance Committee (SFC), Committee on Non-Plan Expenditure (CNE) and Cabinet Committee on Economic Affairs (CCEA) relating to comprehensive computerization plan of CBDT/CBEC, capital expenditure involving construction of office/residential complexes and readymade office/residential buildings of all the three Departments, and construction of Rajaswa Bhawan.

- i) Proposals received for sanction of financial assistance from the Customs & Central Excise Welfare Fund and Special Equipment Fund. Revision of norms were finalized in respect of setting up of/refurbishing of recreation/sports clubs, gymnasiums, Departmental Canteens, crèches for children of Departmental officials and guest houses. Scope of cash award scheme for meritorious children with special emphasis on girl children and children of group 'D' staff was revised. As a result, more wards of the employees were benefited.
- j) Schemes proposed by CBDT/CBEC for utilizing the budget provision under **1% Incremental Revenue Incentive Scheme** for obtaining approvals of the competent authority.
- k) Proposals involving relaxation/interpretation of financial rules and all proposals requiring reference to the Department of Expenditure.
- 19.2.1** The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2015-16 /RE 2015-16 and BE 2016-17 was prepared, discussed with Secretary (E) and finalized as below:

Grant	Grant No.	2015-16		2016-17
		BE	RE	BE
D/o Revenue	43	16187.69	17082.25	11925.01
Direct Taxes	44	5408.56	4752.00	5387.00
Indirect Taxes	45	5665.10	4600.50	5340.50

19.2.2 Integrated Finance Unit has taken the following steps/ initiatives in 2015-16:

- (i) Implementation of Cash Management Plan as per Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) as envisaged by Budget Division.
- (ii) Review of Monthly and Quarterly Expenditure vis-à-vis budgetary allocations and MEP / QEA and report to Revenue Secretary and Expenditure Secretary through quarterly DOs.
- (iii) Enforcement of instructions on economy in expenditure by periodic review of expenditure and advisories to spending authorities for expenditure control in line with the economy instructions issued by the Department of Expenditure.
- (iv) Preparation and review of Outcome Budget and monitoring of Outputs and Outcomes, with reference to the targets and budgetary

allocation, was done in respect of important schemes of Compensation to States/UTs for loss of revenue due to implementation of VAT/ CST; Setting up of Tax Information Exchange System (TINXSYS); Government Opium & Alkaloid Works; Comprehensive computerization of the Income Tax Department; Acquisition of residential and office accommodation; Strengthening of IT capability for e-governance of CBEC; Acquisition of ships and fleets to strengthen Marine capability & Acquisition of Anti-Smuggling equipments.

19.2.3. In addition, the allocation and monitoring of the budget relating to advances, viz. House Building Advance, Vehicle Advance, Computer Advance etc. was also done

19.2.4. The Integrated Finance Unit has been watching the formulation of schemes of important expenditure proposals from their initial stage.

20. National Committee For Promotion of Social and Economic Welfare

20.1. The Government of India in early 1992 constituted the National Committee for Promotion of Social & Economic Welfare for recommending the projects for promotion of sports, social and economic welfare, pollution control, etc. received from Trusts/Institutions, to the Central Government for Notification under Section 35AC of Income Tax Act, 1961. The funding of the approved projects is through donations on which the donors are entitled to 100% tax exemption under the Income Tax Law.

20.2. The National Committee for Promotion of Social and Economic Welfare is constituted by the Central Government for a term of (03) three years and consists of 14 Members including its Chairman. The Government

appoints any former Chief Justice of India as Chairman of the Committee and other 13 persons of public eminence, hailing from various walks of life, as Members of the Committee. The **first Committee** was constituted under the Chairmanship of Justice Mr. P.N. Bhagwati, former Chief Justice of India. The Secretariat of the National Committee comprises of:-

- Secretary (Joint Secretary level);
- Director/ Deputy Secretary;
- Section Officer and Staff

20.3. The present National Committee for Promotion of Social and Economic Welfare was reconstituted and subsequently notified on 4th March, 2014 for a period of three years.

The **composition** of the same is as follows:-

Sl. No.	Name of the Committee Members	Designation	Place
1.	Justice Mr. R.C. Lahoti, former Chief Justice of India	Chairman	Noida, Uttar Pradesh
2.	ShriAmardeep Singh Cheema	Member	Batala, Punjab
3.	ShriAmiya Kumar Sharma	Member	Guwahati, Assam
4.	ShriBaldevChowdhary	Member	Lucknow, Uttar Pradesh
5.	Smt. ChetnaSinha	Member	Satara Maharashtra
6.	Shri D.R. Mehta	Member	Jaipur, Rajasthan
7.	Shri Enrico Piperno	Member	Kolkata, West Bengal
8.	ShriHabib A. Fakh	Member	Mumbai, Maharashtra
9.	Prof. NaladiSamuyelu	Member	Guntur, Andhra Pradesh
10.	Dr.Naresh Gupta	Member	New Delhi
11.	ShriSanjiv Kumar Arora	Member	New Delhi.
12.	Smt. ShameemaRaina	Member	Srinagar, J&K.
13.	Smt. ShashikalaVamanan	Member	Chegalpattu, Tamil Nadu.
14.	ShriVinayakLohani	Member	Kolkata, West Bengal

20.4. The functions and procedures of the National Committee are governed by Rules 11-F to 11-O of the Income Tax Rules, 1962. The procedure of filing the application and the manner in which the applications are to be considered and decided by the National Committee are enumerated in Rules 11-L and 11-M of the Income Tax Rules, 1962. Upon receipt of the applications, the Secretariat of the National Committee processes and scrutinizes these to verify that they are complete in all respects and all documents/information as required under the Rule are enclosed.

20.4.1. Thereafter, Appraisal Reports containing the salient points of the applicant institution/Trust are prepared and put up for consideration of the National Committee. The National Committee either rejects or grants approval to the project/scheme of the Trusts/Institutions. The National Committee records only summary findings of the decisions taken by it. The approved projects/schemes are recommended by the National Committee to the Central Government to be notified as eligible projects or schemes. The Committee's decision to approve a project or scheme is of recommendatory value and is subject to acceptance by the Central Government. In the cases, where the projects/schemes of the institutions/ associations are recommended by the National Committee and subsequently accepted by the Central Government, the same are notified in the Official Gazette and in the cases where the National Committee does not find the scheme or project fit for approval, decision is communicated to the applicants by the Secretariat of the National Committee.

20.5. In the financial year 2015-16, the present National Committee headed by Justice Mr. R.C. Lahoti held three meetings till December, 2015. In the 134th Business Meeting held on 09.05.2015, a total number of 161 cases were discussed out of which 78 were

recommended for approval, while 3 cases has been invoked under sub-sections (4) & (5) of the Income Tax Act, 1961 and the organizations were asked to show cause why the exemptions granted u/s 35 AC be not cancelled from the date of exemption. In the 135th Business meeting held on 07.09.2015, a total of 157 cases were discussed out of which 67 were recommended for approval. While In the 136th Business meeting held on 12.10.2015, a total number of 144 cases were put before the Committee for discussion out of which 46 were recommended for approval.

21. National Institute of Public Finance and Policy (NIPFP)

21.1. The National Institute of Public Finance and Policy has no direct dealing with the general public; therefore, there is nothing to reflect their endeavor towards excellence in public service delivery. However, this year also the Institute's contribution by way of policy advice has led to a large extent to restore internal and external fiscal balance in the country.

21.2. The NIPFP is a premier research organization conducting research, policy advocacy, and capacity building activities in the field of public economics and macro finance. Established in 1976 as an autonomous institution under the Societies Registration Act, 1860 the Institute has made significant contribution to policy reforms at all levels of Government of India. The NIPFP provides research, advisory, and capacity building support on macroeconomics, fiscal policy, and intergovernmental finance at both national and international levels. The vision of the Institute is to "promote stable and sustainable development" (refer NIPFP brochure).

21.3. The Governing Body is chaired by an Economist of Eminence and at present Dr. Vijay Kelkar, Chairman

of the Forum of Federations, Ottawa & India Development Foundation, New Delhi and Chairman of Janwani, is the Chairman of the Governing Body. Government is represented by the Secretary (Revenue), Secretary (Economic Affairs), Chief Economic Adviser of the Ministry of Finance. There are three eminent Economists in the Governing Body and representatives of FICCI and ASSOCHAM. There is an Academic Committee advising the Director.

21.4. Research conducted in matters relating to tax policy and administration, public expenditure and control, public debt and its management, inter-governmental fiscal relations, economics and pricing of public and industrial enterprises in addition to other aspects of public finance have resulted in efficiency and growth potential and competitiveness of the Indian economy in medium to long term time frame.

21.5. The Institute has enhanced and improved understanding of the above issues by conducting several training courses, seminars, and policy dialogue for public servants and policy makers and disseminating its research output. Expert advice of the NIPFP faculty in the successive Finance Commissions, high level committees have aided policy makers to devise schemes for eliminating revenue deficit to bring about greater fiscal discipline”.

22. Implementation of Official Language Policy

22.1. The Department of Revenue has a full-fledged Official Language Division which is entrusted with the implementation of Official Language Policy of the Government of India. The Division is headed by Director (OL) and operates through four Official Language Sections; each headed by an Assistant Director (OL) and supervised by two Deputy Directors (OL). The

Division deals with matters relating to implementation of Official Language Policy of the Union and takes follow up action on the orders and instructions issued by the Department of Official Language from time to time. Entire translation work of the Department from English to Hindi and vice-versa is ensured by the Official Language Division.

The Department of Revenue is notified under Rule 10(4) of the Official Language Rules, 1976. 13 sections of the Department have been specified for doing their entire work in Hindi.

22.2. Performance of the OL Division during the year under report:

- a. All the documents pertaining to CBEC, CBDT & Revenue HQs were invariably issued bilingually as per the requirement under Section 3(3) of the Official Languages Act, 1963;
- b. All gazette notifications, replies to Parliament Questions and Assurances pertaining to CBEC, CBDT and Revenue HQs were furnished bilingually;
- c. Notes and monthly summaries for the Cabinet, Action Taken Reports (ATRs) on the Report of the Comptroller & Auditor General of India, Annual Report and Outcome Budget of the Ministry of Finance were translated and made available bilingually; and
- d. A number of Double Tax Avoidance Agreements entered into with various countries were translated into Hindi; and
- e. Material received from all the sections of the Department of Revenue (HQs), CBDT and CBEC

was translated into Hindi and uploaded on the Ministry's website.

22.3. Hindi Salahkar Samiti:

Action to re-constitute the Joint Hindi Salahkar Samiti has been initiated after the constitution of the 16th Lok Sabha. Nomination of 3 Members of non-government by the Department of official language is awaited. Therefore, Publication of resolution is awaited.

22.4. Official Language Inspections:

The officers of the Hindi Division of the Department also carried out inspections of 12 offices of Central Excise & Customs/Income Tax under the control of the Department during the year under report with the view to assess the progress in use of Hindi in the office and suggested ways to accelerate the use of Hindi in the official work. Parliamentary Committee on official language, III Committee inspected various offices of CBDT and CBEC in which representatives from Ministry were also there.

22.5. Hindi Day / Hindi Pakhwara:

On the occasion of Hindi Day, a message was issued by the Hon'ble Finance Minister exhorting all the officers/employees of the Department to do their maximum day-to-day work in Hindi.

Hindi Pakhwara was celebrated from 01 September, 2015 to 15 September, 2015. Various competitions like Hindi noting & drafting, Essay writing, Extempore Speech competition, Quiz competition, Hindi typing and Hindi Shorthand competition were organized during the Hindi Pakhwara. Also, there was an award scheme for doing maximum work in Hindi during the Hindi fortnight for the gazetted officers as well as the non-gazetted officers separately. Those who secured first, second and third positions in these competitions have been given cash

prizes of Rs. 5000/- (First prize), Rs. 3000/- (Second prize) and Rs. 2000/- (Third prize) and also 3 consolation prizes of Rs. 1000/- each were given.

22.6. Incentive Schemes:

Under the incentive scheme of the Department of Official Language, Ministry of Home Affairs, cash awards of Rs. 2000/-, Rs. 1200/- and Rs. 600/- are given to those officials who do noting/drafting and other official work in Hindi.

In order to encourage **original and creative book writing in Hindi**, two Incentive Schemes are run by the Department for reviewing and writing original books in Hindi on subjects of Income Tax, Central Excise, Customs, Narcotics and Service tax. These schemes are open to all the citizens of India. There are attractive prizes in each category (i.e. original book writing in Hindi and reviewing) for winners. The Scheme for the year 2015-16 has been circulated to all the Ministry/Departments of Government of India and the particulars are also posted on the Department's website to give it a wide publicity. The scheme has been published in the newspapers.

22.7. Training:

During the year 2015-16, 4 LDCs/UDCs/Assistants/MTS and 6 Stenographers were nominated for training in Hindi typing and Hindi stenography, respectively, in the courses run by the Central Hindi Training Institute, Ministry of Home Affairs.

22.8. Hindi Workshop:

In order to remove hesitation amongst Hindi knowing employees to do their work in Hindi, a two day Departmental Hindi workshop was organized on 2 & 3 November, 2015 in which 16 officials were imparted training in Hindi noting/drafting.

23. Implementation of the Right to Information Act, 2005

23.1 Central Board of Excise and Customs (CBEC)

CBEC is implementing the provisions of Right to Information Act, 2005 since its enforcement. In the

Headquarters office, there are 34 CPIOs, one CPIO for each of the section. The no. of applications received, applications rejected and requests accepted by the CPIOs in CBEC during the year 2015 are given below:

Quarter ending on	no. of applications received during the quarter	No. of cases transferred to other Public Authorities under Section 6 (3)	No. of requests rejected	No. of requests accepted
31.03.2015	740	234	5	488
30.06.2015	445	317	0	89
30.09.2015	1072	289	0	798

23.1.1 There are 20 Appellate Authorities, who decides the appeals received under the RTI Act from various applicants. The no. of appeals received, appeals rejected

and appeals accepted by the CPIOs in CBEC during the year 2014 are given below:

Quarter ending on	no. of appeals received during the quarter	No. of appeals rejected	No. of appeals accepted
31.03.2015	48	0	42
30.06.2015	22	5	3
30.09.2015	44	4	43

23.1.2 Registration fee collected under section 7(1) and the additional fee collected under section 7(3) during

these three quarters is as given below:

Quarter ending on	Fee collected under section 7(1) (in Rs.)	Additional fee collected under section 7(3) (in Rs.)
31.03.2015	1870	5523
30.06.2015	594	2054
30.09.2015	2250	8427

23.1.3 The fee is excluding the amount of fee received for submitting applications online on the RTI portal.

23.1.4 The Government has also launched RTI Portal which facilitates filing of applications online by the Citizens. The applications concerning Department of Revenue are accessed by the two Nodal Officers, one for Customs and the other for rest of the matters pertaining to CBEC. Thereafter, these applications are transferred, online, to concern CPIOs in the Board, who are required to provide requisite information, online, on the Portal itself so that the applicant may immediately access the requisite information. So far, CBEC has received 1977 applications from January, 2015 to December 2015.

23.1.5 At present, the facility for transferring the applications received on the RTI portal is limited to the CPIOs in the Board only. Hence, applications pertaining to the field formations are transferred manually with the direction provide information directly to the citizen.

23.1.6 Appeals against the information provided in response to RTI online applications are also made online, which are transferred to concerned First Appellate Authority, who also provide requisite reply to the citizen on the portal itself. CBEC has received 166 appeals from January, 2015 to December 2015.

23.2 Central Board of Direct Taxes (CBDT)

As per the requirements of the Right to Information Act, 2005, CPIOs and Appellate Authorities are functional in the domain of TDS administration. In none of the cases information was denied.

The scope of services provided in ASKs was contemplated to be expanded by enabling the Sevottam Software to receive RTI applications during the month of June, 2013. The facility to receive RTI applications and appeals through Sevottam Software has been made available from 01-05-2014.

Mandatory information as stipulated in Section 4 of the RTI Act has been displayed on the weblink of DGIT (Vig.) at www.incometaxindia.gov.in. **Monthly disposal is also**

being displayed on the weblink as desired by the DoP&T. **Quarterly Report is timely uploaded on the website of the CIC.**

Details of RTI Applications (from Jan. to Dec. 2015)

Item	Disposal
RTI Applications	429
RTI First Appeals	52

23.3 Authority for Advance Rulings (Central Excise, Customs & Service Tax)

The provision of the Right to Information Act, 2005 has been implemented. Twelve manuals, as prescribed under Right to Information Act and related to the Authority, have been updated regularly on the website of the Authority i.e. <http://www.cbec.gov.in/aar/aar.htm> PIO/Appellate Authority/ Transparency Officer under the said Act has also been duly designated and details are posted on the website as well as on the Notice Boards of the Authority. During the year 2015-16 (upto December, 2015) 21 RTI applications and 1 appeal were received and disposed of within stipulated time.

23.4 Financial Intelligence Unit-India (FIU-IND)

During the year 2015-16 (Upto December, 2015) 22 RTI applications received, 20 disposed off, NIL denied and 2 are under process under the Right to Information Act, 2005.

23.5 Customs, Excise & Service Tax Appellate Tribunal

The Public information Officer and 1st Appellate Authority have been nominated by the Public Authority in each Bench of the Tribunal and they are acting in accordance to the provisions of the Right to Information Act, 2005, in dispensing the information.

23.6 Set up for Forfeiture of illegally Acquires Property

During the year, the Competent Authorities have taken immediate steps/ initiatives towards receipts under Right to Information Act, 2005. The applications were disposed of within time limit to the satisfaction of the RTI applicants.

23.7 Customs & Central Excise Settlement Commission

Right to information Act, 2005 has been implemented. Twelve manuals, as prescribed under RTI related to the Commission were duly prepared. CPIOs & ACPIOs have been nominated.

23.8 State Taxes Section

Necessary action has been taken under section 4 of the RTI Act, 2005 to publish the information/ manuals on various aspects of functioning of the Sales Tax Section.

These Manuals have been posted on the website of the Ministry of Finance to facilitate easy access to the general public. The information is being updated from time to time. Further, all the records in the Section are being properly maintained, so that as and when any information is sought, the same can be readily furnished at the earliest. Upto 31.12.2015, 74 applications seeking information under RTI Act, 2005 have been disposed.

23.9 Income Tax Settlement Commission

The Settlement Commission is very sensitive to the implementation of the RTI Act, 2005. In all seven Benches including Principal Bench at New Delhi, the officers of the level of Joint/Addl. DIT and Administrative Officer have been designated as CPIO under the said Act. The Director of Income Tax (Investigation) and Secretary, who are equivalent to the Joint secretary to the government of India in each Bench have been designated as first Appellate Authority under the said Act.

23.10 Directorate of Enforcement

During the year 2015-16 (up to December, 2015), 150 RTI applications were received in the Headquarters office of the Directorate, which were promptly disposed of within the stipulated period.

23.11 Central Bureau of Narcotics

Various provisions of Right to Information Act, 2005 have been implemented in the Central Bureau of Narcotics. Central Public Information Officers have been nominated. Detailed functions and various aspects of the work done by the Department are also available on CBN website <http://www.cbn.nic.in>.

23.12 Chief Controller of Factories

A cell in each unit of this organization, such as the factories at Ghazipur and Neemuch, as also at the Delhi and Gwalior office of the CCF have been set up. These cells function directly under the officials designated as CPIO / APIO. The applications received are regularly disposed off within the prescribed time-frame.

23.13 NIPFP

During the year, from 1st April, 2015 to 31st December, 2015, 15 RTI applications were received and were disposed off in time with no pendency. One CAPIO, CPIO & AAs have been designated by Public Authority in Bench of the Tribunal.

24. Swachh Bharat Campaign

24.1. Department of Revenue has initiated several steps as a part of Swachh Bharat Campaign initiated by Government of India *on the occasion of 150th Anniversary of Mahatma Gandhi.*

24.2. Initially to encourage cleanliness in the working premises, awareness drives for maintaining cleanliness in office spaces and premises were done in the Department. Action was taken to improve overall cleanliness by increasing greenery, cleaning of gardens and making the building more aesthetic. Further, temporary structures have been removed in corridors of

Department of Revenue, North Block. Efforts for Swachhta Abhiyan for overall cleanliness have also been extended to Hudco Vishala Building, Jeevan Deep Building and Church Road Hutments. Many rooms have been renovated in the offices of Department of Revenue.

24.3. To increase awareness amongst personnel of the Department, competitions in the form of cartoons and essays were conducted and there was keen participation. The winners were adjudged for both the topics “My contribution to cleanliness in my office and public places” and “Cleanliness in my office”. The winners were awarded with Mementos and Certificates of appreciation.



Gardens of Department of Revenue after Swachh Bharat Campaign

REPRESENTATION OF SC's, ST's AND OBC's for the period of 01/01/2015 to 31/12/2015

Organization: Central Board of Direct Taxes (CBDT)

Groups	Number of Employees					Number of appointment made									
						By Direct Recruitments			By Promotion			By other methods			
	Total	SCs	STs	OBCs		Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5		6	7	8	9	10	11	12	13	14	15
Group A	8250	1706	622	450		0	0	0	0	1025	263	84	0	0	0
Group B	30696	6455	2160	4711		3582	565	256	1132	2422	388	157	140	50	3
Group C	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Total	38946	8161	2782	5161		3582	565	256	1132	3447	651	241	140	50	3

Organization: Central Board of Excise and Customs (CBEC)

Groups	Number of Employees				Number of appointments made										
					By Direct Recruitment				By Promotion				By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Group A	4104	537	291	393	214	33	16	59	2721	402	218	0	0	0	
Group B	32155	4868	2224	2983	1685	240	104	526	5726	817	426	84	11	8	
Group C	12279	2851	986	1880	632	131	59	293	2405	877	272	0	0	0	
Total	48538	8256	3501	5256	2531	404	179	878	10852	2096	916	84	11	8	

Organization: Financial Intelligence Unit - India (FIU-IND)

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	17*	02	-	01	-	-	-	-	-	-	-	01	-	-
Group B	06**	02	-	01	-	-	-	-	-	-	-	01	-	-
Group C	05	02	-	01	03	02	-	01	-	-	-	-	-	-
Group D Safai Karamcharis	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	28	06	-	03	03	02	-	01	-	-	-	02	-	-

* 2 (two) posts are encadred with NIC.

** 4 (four) posts are encadred with NIC.

Organization: Authority for Advance Ruling (Central Excise, Customs and Service Tax)

Groups	Number of Employees				Number of appointments made									
	Total	SCs	STs	OBCs	By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1	1	-	-	-	-	-	-	-	-	-	-	-	-

Organization: Appellate Tribunal under Prevention of Money Laundering Act

Groups	Number of Employees				Number of appointments made									
	Total				By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	01	-	-	01	-	-	-	-	-	-	-	-	-	-
Group C	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	01	-	-	01	-	-	-	-	-	-	-	-	-	-

Organization: Appellate Tribunal for Fortified Property (ATFP)

Groups	Number of Employees						Number of appointments made					
	By Direct Recruitment						By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
Group A	4	-	-	-	-	-	-	-	-	-	-	-
Group B	3	-	1	-	-	-	-	-	-	-	-	-
Group C	5	1	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	6	3	1	-	-	-	-	-	-	-	-	-
Total	18	4	2	-	-	-	-	-	-	-	-	-

Organization: Competent Authority for Forfeiture of Illegal Acquired Property

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	9	1	-	2	-	-	-	-	-	-	-	1	1	-
Group B	10	-	-	-	-	-	-	-	-	-	-	1	-	-
Group C	17	3	1	3	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	5	1	-	2	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	41	5	1	7	-	-	-	-	-	-	-	2	1	-

Organization: Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	6	1	-	5	-	1	-	-	-	-	-	-	-	-
Group B	9	6	1	2	-	-	-	-	-	-	-	-	-	-
Group C	56	24	5	27	-	1	-	2	-	4	-	-	-	-
Group D (Excluding Safai Karamcharis)	31	21	-	10	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	103	53	6	44	-	2	-	2	-	4	-	-	-	-

Organization: Customs & Central Excise Settlement Commission

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	14	2	2	0	-	-	-	-	-	-	-	-	-	-
Group B	05	2	-	-	-	-	-	-	-	-	-	-	-	-
Group C	14	2	-	3	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	33	6	2	3	-	-	-	-	-	-	-	-	-	-

Organization: Income Tax Settlement Commission

Groups	Number of Employees				Number of appointments made									
	Number of Employees				By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	17	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	45	4	1	-	-	-	-	-	-	-	-	-	-	-
Group C	37	-	-	-	1	-	-	1	-	-	-	5	4	1
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	99	4	1	-	1	-	-	1	-	-	-	5	4	1

Organization: Central Bureau of Narcotics

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	08	03	01	-	-	-	-	-	-	-	-	-	-	-
Group B	226	39	13	20	16	3	2	11	01	01	-	-	-	-
Group C	330	66	30	38	01	01	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	564	108	44	63	17	04	02	11	01	01	-	-	-	-

Organization: Directorate of Enforcement

Groups	Number of Employees				Number of appointments made									
	Total				By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	43	-	-	-	-	-	-	-	-	-	-	06	-	-
Group B	368	46	14	01	37	02	04	13	03	-	-	16	-	-
Group C	188	19	04	28	04	-	-	-	03	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	92	32	02	11	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	691	97	20	40	41	02	04	13	06	-	-	22	-	-

Organization: National Institute of Public Finance and Policy

Groups	Number of Employees				Number of appointments made									
	Total	SCs	STs	OBCs	By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	30	2	-	-	2	-	-	-	-	-	-	-	-	-
Group B	19	-	-	1	-	-	-	-	-	-	-	-	-	-
Group C	24	4	-	5	1	1	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	73	6	-	6	3	1	-	-	-	-	-	-	-	-

Organization: Central Economic Intelligence Bureau

Groups	Number of Employees				Number of appointments made									
	Total	SCs	STs	OBCs	By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	02	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	05	-	-	02	-	-	-	-	-	-	-	-	-	-
Group C	05	02	01	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	12	02	01	02	-	-	-	-	-	-	-	-	-	-

Organization: Authority for Advance Rulings (Income Tax)

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
					Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	02	01	-	-	-	-	-	-	-	-	-	-	-	-
Group B	05	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	14	04	01	02	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)														
Group D (Safai Karamcharis)	01	01	-	-	-	-	-	-	-	-	-	-	-	-
Total	22	06	01	02	-	-	-	-	-	-	-	-	-	-

Organization: Authority for Advance Rulings (Central Excise, Customs & Service Tax)

Groups	Number of Employees				Number of appointments made									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Group A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1	1	-	-	-	-	-	-	-	-	-	-	-	-

- (i) SCs stand for Scheduled Castes
(ii) STs stand for Scheduled Tribes
(iii) OBCs stand for Other Backward Castes

REPRESENTATION OF THE PERSONS WITH DISABILITIES for the period of 01/01/2015 to 31/12/2015

Organization: Central Board of Direct Taxes (CBDT)

Group	Number of Employees				By Direct Recruitments						By Promotion							
					Nos of vacancies reserved			Nos. of appointments made			Nos of vacancies reserved			Nos. of appointments made				
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
A	5553	12	10	137	0	0	0	0	0	0	0	0	0	0	482	0	0	2
B	25748	86	63	504	39	52	91	1156	11	8	45	38	60	104	1225	3	4	35
Total	31301	98	73	641	39	52	91	1156	11	8	45	38	60	104	1707	3	4	37

Organization: Central Board of Excise and Customs (CBEC)

Group	Number of Employees				DIRECT RECRUITMENT								PROMOTION									
					No. of vacancies reserved				No. of appointments made				No. of vacancies reserved					No. of appointments made				
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH	Total		
1	2	3	4	5	6	7	8	9	10	11	12		13	14	15	16	17	18	19			
‘A’	4104	0	20	18	0	4	3	6	0	3	3		0	0	0	0	0	0	0			
‘B’	32155	14	38	303	47	119	123	719	47	67	66		47	49	52	1192	52	50	65			
‘C’	12279	29	10	66	65	67	70	224	54	53	54		50	51	50	777	48	49	50			
TOTAL	48538	43	68	387	112	190	196	949	101	123	123		97	100	102	1969	100	99	115			

Organization: Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

Group	Number of Employees				DIRECT RECRUITMENT				PROMOTION			
					No. of vacancies reserved		No. of appointments made		No. of vacancies reserved		No. of appointments made	
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
'A'	6	-	-	-	-	-	-	-	-	-	-	-
'B'	9	-	-	-	-	-	-	-	-	-	-	-
'C'	56	-	-	2	-	-	2	-	-	-	-	-
'D'	32	-	-	3	-	-	-	-	-	-	-	-
Total	103	-	-	5	-	-	2	-	-	-	-	-

Organization: Competent Authorities for Forfeiture of Illegal Acquired Property

Group	Number of Employees				DIRECT RECRUITMENT								PROMOTION							
					No. of vacancies reserved				No. of appointments made				No. of vacancies reserved				No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
‘A’	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
‘B’	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
‘C’	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
‘D’	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Organization: Directorate of Enforcement

Group	Number of Employees				DIRECT RECRUITMENT				PROMOTION			
	Total	VH	HH	OH	No. of vacancies reserved				No. of appointments made			
					VH	HH	OH	Total	VH	HH	OH	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
'A'	43	-	-	-	-	-	-	-	-	-	-	-
'B'	368	-	-	-	-	-	-	37	-	-	-	03
'C'	188	-	-	-	-	-	-	04	-	-	-	-
'D'	92	-	-	-	-	-	-	-	-	-	-	-
Total	691	-	-	-	-	-	-	41	-	-	-	03

Organization: National Institute of Public Finance and Policy

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved				No. of appointments made		
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
‘A’	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘B’	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘C’	24	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
‘D’	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	73	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-

Organization: Central Bureau of Narcotics

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved			No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
'A'	08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	226	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	330	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-
'D'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	564	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-

Note:

- (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
- (ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
- (iii) OH stands for Orthopedically Handicapped (persons suffering from locomotor disability or cerebral palsy).

Annexure - III

Summary of important observations included in Audit Reports presented to Parliament during 2015

(A) Central Board Of Excise And Customs (CBEC)

- During this financial year 2015-16, 243 Draft Audit Para's (DAPs) of A, B & D category (Central Excise & Service Tax) and 43 Audit Para's in respect of Central Excise & Service Tax were received from C&AG office.
- Out of 244 DAPs, reply on 229 DAPs has been sent to C&AG office of India. Ministry's comments on 15 DAPs are pending. Out of 43 Audit Para's, Action Taken Note (A TN) on all the Audit Para's have been sent to C&AG office. Now 9 Vetting Comments received from C&AG are pending.
- During the year, 7 Draft Review Para's were received from C&AG office, and Ministry's Comments on all of them have been sent to C&AG Office.
- Audit Report No. 7 of 2015 of Central Excise & Audit Report No. 4 of 2015 of Service Tax was laid in the Parliament of 5.5.2015. Ministry's Action Taken Notes on these two Audit Reports have been sent to Audit.
- During the year, PAC has selected 2 Performance Audit Reports No. 29 of 2014 Administration of

Prosecutions & Penalties in Central Excise & Service Tax and Para No. 3.1(Sub Para 3.1. I) and Para No. 5.2 of Performance Audit Report No. 33 of 2014- Central Excise Administration in Automotive Sectors for detailed examination. Ministry's Detailed Background Note on these 2 reports has been sent to Lok Sabha Secretariat on 24.6.2015 & 29.6.2015 respectively.

6. Similarly, chapter II (Service Tax liability in Insurance sectors) and Chapter III (Service Tax liability in Port Sectors) were also selected for detailed examination by the Public Accounts Committee. Ministry's Detailed Background Note on these 2 chapters were also sent to Lok Sabha Secretariat on 9th October, 2015 and 1* August, 2015 respectively.

7. Further, Para 2.2. I (Incorrect availing of exemption of Audit Report No. 12 of 2009-10 and Para No. 3.4 to 3.8 (Scrutiny resulting in non-recovery of duty and interest) of Audit Report No. 17 of 2013 was also selected for detailed examination and Ministry's Detailed Background Note on these were also sent to Lok Sabha Secretariat on 24th September, 2015.

Further, it may be stated that after finalization of ATN/ settled by C&AG, the same will be upload in the portal of Monitoring Cell during the year on the direction of Committee of Secretaries (COS).

Year	No. of paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Paras / PA reports on which ATNs are pending		
		No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to the PAC
2015-16	-	-	7	32

(B) Central Board Of Direct Taxes (CBDT)

- The Draft Paras reported by Comptroller and Auditor General (C&AG) of India are examined in CBDT and Action Taken Notes (ATNs) are prepared and furnished to C&AG, on which C&AG issues vetting comments, either finalising the ATN or issuing a rejoinder with comments for reconsideration. After incorporating the vetting comments of C&AG, the Ministry sends the ATNs to the Monitoring Cell (MC) under the Department of Expenditure (DOE) for placing before the Public Accounts Committee (PAC) of Parliament. Beside this, the C&AG and MC have also started including the Performance Audit Reports as single/separate ATN pendency with regard to reports laid in Parliament since

2012 for the first time from the month ended 31st Oct 2014.

2. The position of audit paras is reconciled on a monthly basis with C&AG and as on 30.12.2015 there is no pendency of draft paras for initial reply to C&AG.

3. **Report No.3 of 2015** of C&AG for the year ended March, 2014 has been tabled in Parliament on 20th March, 2015 and the time period for submitting the ATNs was upto 20th July, 2015. This Report includes 469 draft paras pertaining to ARY 2013-14. CBDT had received batches of the DPs included in this report from July, 2014 to October 2014 and has acted on them expeditiously. Out of the 469 draft paras covered in this report, initial replies

have been sent to C&AG in all 469 draft paras within the stipulated 4 month period i.e. before the deadline of 20th July, 2015.

4. Beside this, various Performance Audits are conducted by the C&AG time to time and after the entry conference held, the CBDT is required to provide the view on the Summary of Recommendations on the initial draft report. The CBDT has duly submitted its reply within the prescribed time period on "Functioning of Internal Audit in Income Tax Department" and "Assessment of Assessee on Pharmaceuticals sector".

5. Beside this, ATNs in the case of Report No. 20 of 2014 on "Allowance of Depreciation and Amortization" {tabled in Parliament on 28th November 2014} and Report No. 32 of 2014 on "Appreciation of Third Party reporting/certification in assessment proceedings" {tabled in Parliament on 19th December, 2014} were also submitted to C&AG on 27th March and 18th April 2015 respectively.

6. CBDT has to submit a back ground note on the reports selected by the Public Accounts Committee (PAC) to them. In following reports, Background Note was submitted to the PAC as per their requirements during the time period allowed by the PAC:

Report No.	Subject	Date of Background Note
20 of 2014	Allowance of Depreciation and Amortization	20 th March, 2015
21 of 2014	Performance of Special Economic zones (SEZ) in India	10 th March, 2015
32 of 2014	Appreciation of Third Party reporting/certification in assessment proceedings	16 th March, 2015
05 of 2015	Assessment of Assessee on Pharmaceuticals sector	24 th June, 2015

7. Action Taken Reports (ATRs) are submitted to the PAC on the observations/ recommendations contained in the Report of the PAC. The CBDT submits ATRs in the prescribed format to C&AG. After receiving the Vetting Comments of C&AG and counter-comments of Ministry, the complete ATR's are submitted to PAC. Total 8 Action taken reports (ATR's) of the Tenth Report of PAC (Sixteenth Lok Sabha) on Action Taken on the Recommendations contained in Eighty-seventh Report of PAC (15th Lok Sabha) on 'Tax administration' was submitted to PAC on 10th June, 2015, within the due date. Beside this 16 ATRs for the Report No. 23 of 2012-13 on "IT Applications in Income Tax Department" were sent to PAC on 29th May, 2015 within the time allowed by the PAC.

8. In the case of **Report No 20 of 2013** on "Exemptions to Charitable Trusts and Institutions" Oral Evidence held by PAC on 25/11/2014. CBDT's reply on list of points arising out of Oral Evidence given to PAC was submitted on 19th January, 2015.

CBDT's reply to C&AG on Report related to "Accelerated Depreciation in Wind Sector" was submitted to C&AG on 16th April, 2015.

The counter comments of the CBDT on Chapter V of Report No 10 of 2014, "Grievance Redressal Mechanism" were submitted to PAC on 04/09/2015.

CBDT's reply to C&AG on the draft report on "Write off of Arrears of Tax Demand in Income Tax Department" was submitted on 30/11/2015.

57 replies in the case of old Performance Audit Reports were sent to C&AG. 2 Reports were fully complied with & closed.

The last Committee of Secretaries (COS) meeting took place on 26.02.2014. In pursuance of Monitoring Cell letter dated 19.1.2015, the Second meeting of the Standing Audit Committee (SAC) took place on 14.5.2015.

System Reviews / appraisals

A Exit Conference

- (i) Exit conference on performance audit of **"Assessment of Assessee in Pharmaceutical Sector"** was held on 15th January 2015. The report is tabled in Parliament on 20th March, 2015 (Report No.5 of 2015).
- (ii) Exit conference of **'Functioning of Internal Audit in Income tax Deptt'** was held on 17th June, 2015. The report is tabled in Parliament on 11th August, 2015 (Report No.25 of 2015).

B Entry conference

- (i) Entry conference on the Performance Audit of "Allowance of deduction to the assessee engaged in Infrastructure Development- Section 80IA of Income-tax Act" was held on 5th August, 2015.
- (ii) Entry conference on the Performance Audit of "Implementation of TDS/TCS Schemes" was held on 20th November, 2015.

The outcome of these reviews is likely to be included in the C&AG Audit Report to be tabled in the Parliament during 2015-16. All CCsIT/ DGsIT and concerned Directorates were requested to issue directions to all officers to extend full cooperation to the Audit teams of C&AG and to ensure that relevant information and records requisitioned were produced / furnished to the Audit Teams without any delay.

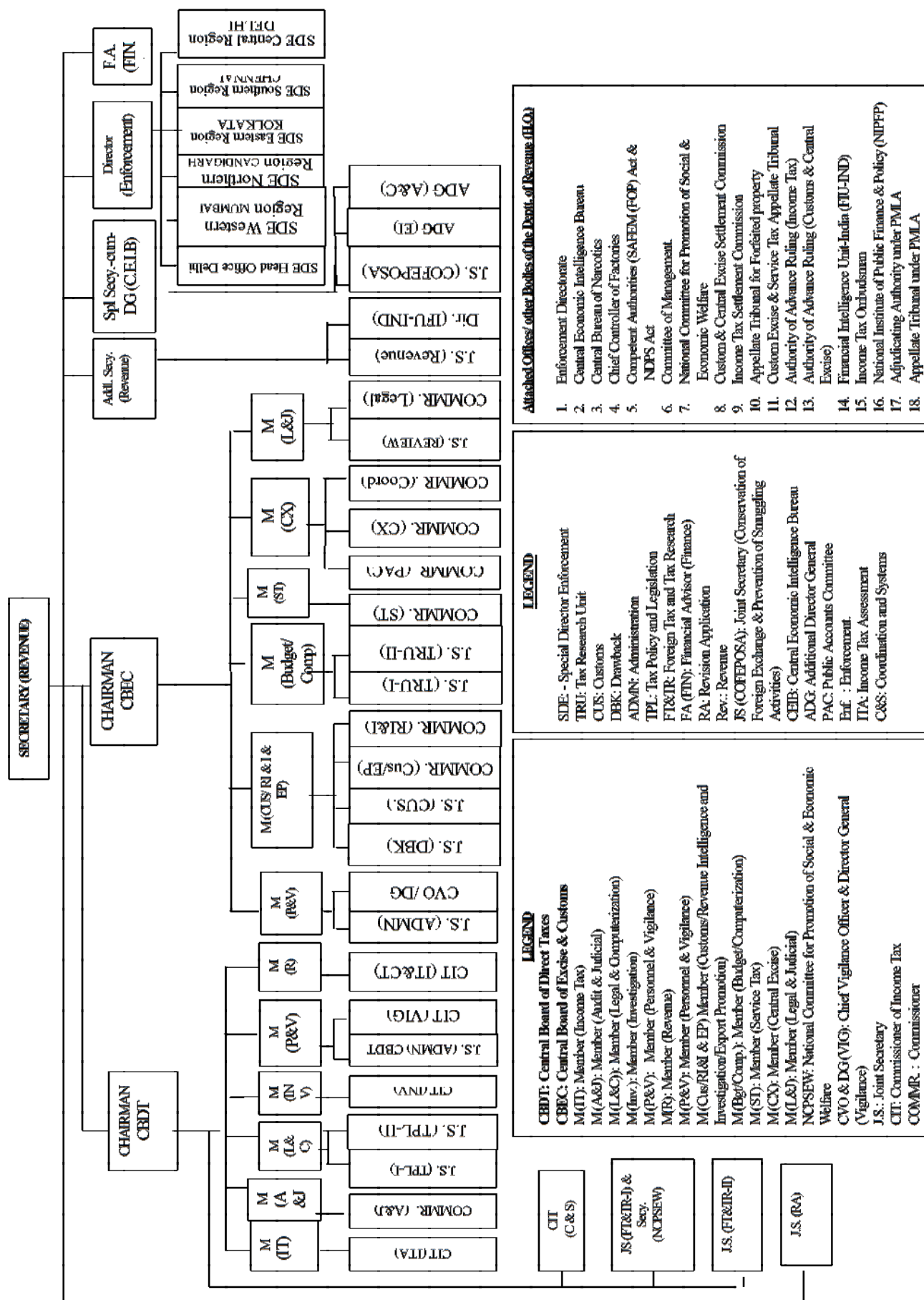
(C) INTEGRATED FINANCIAL UNIT (IFU):

The Integrated Finance Unit has been watching the settlement of audit objections, inspection reports, draft audit paras and reports of PAC / Standing Committee. Status of Action Taken Notes of the Audit Paras concerning to Department of Revenue is as under:

Status of Action Taken Notes of the Audit Paras concerning Department of Revenue

Sl. No.	Year	Details of the Paras / PA reports on which ATNs are pending			
		No. of paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to the PAC
1	2000	-	-	1	-
2	2006	-	1	-	-
3	2008	-	-	1	-
4	2009	-	-	1	-
5	2011	-	1	-	-
6	2014	-	2	-	-
	Total	-	4	3	-

ORGANISATION CHART OF DEPARTMENT OF REVENUE



Department of Disinvestment

I Functions

As per Government of India (Allocation of Business) Rules, 1961 the mandate of the Department is as follows:

1. (a) All matters relating to disinvestment of Central Government equity from Central Public Sector Enterprises (CPSEs);
- (b) All matters relating to sale of Central Government equity through offer for sale or private placement in the erstwhile CPSEs;

Note: All other post disinvestment matters, including those relating to and arising out of the exercise of call option by the strategic partner in the erstwhile CPSEs, shall continue to be handled by the administrative Ministry or Department concerned, where necessary, in consultation with the Department of Disinvestment.

2. Decisions on the recommendations of Disinvestment Commission on the modalities of disinvestment, including restructuring;
3. Implementation of disinvestment decisions, including appointment of advisors, pricing of shares, and other terms and conditions of disinvestment;
4. Disinvestment Commission;
5. CPSEs for purposes of disinvestment of Government equity only;
6. Financial policy in regard to the utilization of the proceeds of disinvestment channelized into the National Investment Fund.

2. The Department is headed by Secretary (Disinvestment), who is assisted by four Joint Secretaries and an Economic Adviser.

II Vision

Promote people's ownership of Central Public Sector Enterprises to share in their prosperity through disinvestment. Enhanced people's ownership shall lead to better corporate governance.

III Mission

1. List all unlisted profitable Central Public Sector Enterprises on stock exchanges to facilitate:

- (a) Higher disclosure levels to bring about greater transparency and accountability in the functioning of the Central Public Sector Enterprises.

- (b) Unlocking the true value of the Central Public Sector Enterprises for all stakeholders - investors, employees, Company and the Government.

- (c) Develop and deepen the capital market through spread of equity culture.

2. Increase public shareholding of the listed CPSEs through disinvestment.

IV Organisational Structure

Shri Neeraj Kumar Gupta assumed the charge of Secretary, Department of Disinvestment on 4th January, 2016. The Secretary is assisted by four Joint Secretaries and one Economic Adviser. The Department functions on the Desk Officer pattern and the disinvestment work is handled at the levels of Joint Secretary, Director/Deputy Secretary and Under Secretary.

2. The Organisational Structure of the Department is placed at Appendix -I.

V Policy and Approach to Disinvestment

The current policy envisages development of people's ownership of Central Public Sector Enterprises (CPSEs) so as to share in their wealth and prosperity, while ensuring that the Government equity does not fall below 51% and Government retains management control.

2. The salient features of the Current Policy on Disinvestment are:

- i) In case of profit making minority stake sale disinvested (49% of equity of Central Public Sector Enterprises) management control of Central Public Sector Enterprises (CPSEs) will remain with the government;
- ii) Various factors such as different equity structure, financial strength, fund requirement, sector of operation etc, do not permit uniform pattern of disinvestment; therefore, disinvestment to be considered on merits and on a case-by-case basis;
- iii) Citizens have a right to own part of the shares of PSEs; that should result in increased retail shareholding;
- iv) The listed profitable CPSEs (not meeting mandatory public shareholding of 10% which now stands revised to 25%) to be made compliant through sale of shares by

Government or by the CPSEs through issue of fresh shares or a combination of both.

VI Benefits of Disinvestment

There are inherent advantages in the listing of shares of profitable CPSEs on the stock exchanges as it triggers multilayered oversight mechanism which enhances corporate governance as well as provides for level playing field to CPSEs vis-à-vis private companies in regard to accessing the resources through the capital market. The process enhances shareholder value in the listed CPSEs.

- (a) The listed companies are mandated by Company Law/SEBI/ Stock Exchanges to comply with higher level of disclosures. This will bring greater transparency and credibility;
- (b) With the induction of independent directors, management accountability, competencies and performance are enhanced.
- (c) Investor centric research provides on a regular basis third party professional assessment of risks as well as future prospects to management to help it benchmark its business model with the industry.
- (d) Daily trading volume and prices work as a barometer for the management and operate as a concurrent source of feedback with regard to the impact of managerial decisions as well as shop floor developments. The higher levels of public scrutiny promotes ethical conduct of business and improves corporate culture;
- (e) Expectations of investors (shareholders) will bring productive pressure upon the management to perform more efficiently to unlock the true value of the enterprise.
- (f) Listing of profitable CPSEs on the stock exchanges with a mandatory public ownership of at least 25% shareholding has been observed to increase significantly the value of the Enterprise and Government's residual shareholding as well as those held by the public post-listing.
- (g) The process also enhances shareholder value in the listed CPSEs and enables that CPSE comply with the Securities Contracts (Regulation) Rules, 1957 for listing.
- (h) The process of listing of CPSEs on stock exchanges facilitates development and deepening of capital market and spread of equity culture.

- (i) Raise budgetary resources for the Government.

VII Reform Measures and Policy Initiatives

Keeping in view the budgeted target of disinvestment for 2015-16, the Department of Disinvestment (DoD) has taken further measures to accelerate the disinvestment process by taking the following measures:

- Replacing annual plan with rolling plans
- Creating a pipeline of proposals for CPSEs, which at present, are at different stages of approval.
- Fast tracking of approval process
- Disinvestment programme made more inclusive by following an approach to reserve upto 20 per cent of shares in PSUs-OFS transactions for retail investors on a case to case basis.

2. As a result of these initiatives, the Government has realized ₹ 19,513 crore through disinvestment in 7 offer for sale (OFS) issues of Rural Electrification Corporation (REC), Power Finance Corporation (PFC), Dredging Corporation of India Ltd. (DCIL), Indian Oil Corporation (IOC), Engineers India Ltd. (EIL), National Thermal Power Corporation Ltd. (NTPC) and Container Corporation of India Ltd. (CONCOR) during the current financial year (as on 15th March, 2016).

VIII Performance/Achievements

The Department of Disinvestment has no plan or non-plan scheme. The entire Budget of the Department is under non-plan for payment of salary, wages, professional services and other administrative expenses, etc. The Budget Estimate (BE) and the Revised Estimate (RE) for non-plan expenditure by the Department for the financial year 2015-16 is ₹ 44 crore and ₹ 35 crore respectively. The proposed BE for the non-plan expenditure for 2016-17 is ₹ 40 crore.

2. Disvestment Transactions During 2015-16:

- (a) **Rural Electrification Corporation Ltd. :** The Government received an amount of ₹1,608.00 crore through disinvestment of its 5% paid up equity capital in REC through an OFS transaction on 8th April, 2015.
- (b) **Power Finance Corporation Ltd. :** The Government received an amount of ₹1,671.00 crore through disinvestment of its 5% paid up equity capital in PFC through an OFS transaction on 27th July, 2015.

- (c) **Dredging Corporation of India Ltd. (DCIL) :** The Government received an amount of ₹53.33 crore through disinvestment of its 5% paid up equity capital in DCIL through an OFS transaction on 21st August, 2015.
- (d) **Indian Oil Corporation Ltd. (IOCL) :** The Government received an amount of ₹9,369.00 crore through disinvestment of its 10% paid up equity capital in IOCL through an OFS transaction on 24th August, 2015.
- (e) **Engineers India Ltd. (EIL):** The Government received an amount of ₹ 643.00 crore through disinvestment of its 10% paid up equity capital in EIL through an OFS transaction on 29th January, 2016.
- (f) **National Thermal Power Corporation Ltd. (NTPC):** The Government received an amount of ₹5,014.00 crore through disinvestment of its 5% paid up equity capital in NTPC through an OFS transaction on 23rd & 24th February, 2016.
- (g) **Container Corporation of India Ltd. (CONCOR):** The Government received an amount of ₹1,155.20 crore through disinvestment of its 5% paid up equity capital in EIL through an OFS transaction on 9th & 10th March, 2016.

3. Keeping in view the budgeted target of disinvestment for 2015-16 and as a part of the strategy to keep stocks readily to take advantage of better market condition without any loss of time, the Government has already identified some CPSEs for disinvestment during the year in sectors like mining and metal, oil, energy, capital goods as well as some mid-size and small stocks. Best efforts are being structured for further divestment through fresh OFS for CPSEs. Other options of disinvestment through capital restructuring are also being initiated. Efforts is to optimize the disinvestment during 2015-16.

4. While presenting the Budget for 2015-16, the Hon'ble Finance Minister in para 26 of his Speech had mentioned that "the budget reflects considerable scaling up of disinvestment figures. This will include both disinvestment in loss making units and some strategic disinvestment." The Cabinet Committee on Economic Affairs in its meeting held on 17th February, 2016 has approved the Department's proposal for laying down procedure and mechanism for strategic disinvestment of CPSEs. Necessary guidelines in this regard have been issued on 29th February, 2016.

IX Utilization of Disinvestment Proceeds

The CCEA had approved the constitution of NIF on 27th January 2005. The Government of India constituted the National Investment Fund (NIF) on 3rd November, 2005,

into which the proceeds from disinvestment of CPSEs were to be channelized. The corpus of the fund was to be of permanent nature and the same was to be professionally managed in order to provide sustainable returns to the Government, without depleting the corpus. NIF was to be maintained outside the Consolidated Fund of India.

2. Pursuant to its subsequent restructuring in January-February, 2013 it has been decided that the disinvestment proceeds will be credited to the existing 'Public Account' under the head NIF with effect from the fiscal year 2013-14 and they would remain there until withdrawn /invested for the approved purpose. It was also decided that the NIF would be utilized for the following purposes:

- Subscribing to the shares being issued by the CPSEs including PSBs and Public Sector Insurance Companies, on rights basis so as to ensure 51% ownership of the Government in those CPSEs/PSBs/ Insurance Companies, is not diluted.
- Preferential allotment of shares of the CPSE to promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go down below 51% in all cases where the CPSE is going to raise fresh equity to meet its capital expenditure program.
- Recapitalization of public sector banks and public sector insurance companies.
- Investment by Government in RRBs/IIFCL/ NABARD/Exim Bank;
- Equity infusion in various Metro projects;
- Investment in Bhartiya Nabhiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.
- Investment in Indian Railways towards capital expenditure.

3. An amount of ₹ 29,438.42 crore was utilized through NIF during the year 2014-15 for meeting capital expenditure of the Ministry of Railways and re-capitalization of Public Sector Banks (PSBs).

X Initiatives undertaken for persons with Disabilities, Scheduled Castes, Scheduled Tribes and Other Backward Classes:

A Special Reservation Cell for Scheduled Castes, Scheduled Tribes, Persons with disabilities and Other Backward Classes has been set up, along with a liaison officer, for enforcement of orders of reservation in posts and services of the Central Government.

2. The staff strength in the Department along with representation of Scheduled Castes, Scheduled Tribes, Persons with disabilities and Other Backward Classes is given in Appendix II.

XI Initiatives Relating to Gender Budgeting and Empowerment of Women

The nature of allocated work of the Department does not have any scope for gender budgeting and empowerment of women.

XII Official Language Policy

The Department has a full-fledged Official Language Unit to implement the Official Language Policy. The website of the Department is bilingual.

XIII E-Governance

The status of ICT Applications implemented and being used in the Department of Disinvestment are as per details given below:-

- (i) Website of the Department (<http://divest.nic.in>) is bilingual and being updated regularly. The existing website is in the process of migration to Content Management Framework (CMF), which will be GIGW (Guidelines for Indian Government Websites) compliant.
- (ii) Maintenance of the Payroll Package **COMDDO** - This application is used for Salary, Income tax, Pay slips, All Bills etc. Download and installation of patches for DA and other schedules as and when required.
- (iii) E-office Applications (<https://mof.eoffice.gov.in>) : Implementation of e-office applications like e-file (Physical File) - File Tracking System, e-leave, e-tour, e-PIMS is in progress.
- (iv) Jeevan Pramaan : Pensioners Life Certificate System.
- (v) Web based Monitoring Information System are in place as below :-
 - Rajya Sabha Question, Answer Monitoring System : A portal for uploading & viewing Rajya Sabha question & answers in both English & Hindi.
 - E-Awas : Government Accommodation Management System (GAMS).
 - Data.gov.in web portal : An open platform for Research data.

- Result Framework Management System(RFMS) : An online mode of interaction between the Minister & the secretary.
- RTI Online : A portal to upload RTI Reply by different CPIOs.
- Online APAR(Sparrow) : An Online portal to fill online APAR for all IAS in the department.
- NIC Mail : Mail application used for official communication.
- E-Procurement : A portal for Online Tendering. Currently we are only using the E-Publishing part & Award of Contract.
- E-Service book : An online portal for maintaining service records of employees.
- Biometric Attendance System : An online portal for monitoring daily attendance marked by employee using biometric devices in the department.
- CPGRAMS portal : To Monitor Grievances.
- PRAGATI : Proactive governance and timely implementation website etc.
- Pension Portal : (<https://bhavishya.nic.in>)
- Cadre Management System (for CSS Officer)

XIV Redressal of Public Grievances

The Department is using the Centralized Public Grievance Monitoring System (CPGRAMS). The website of the Department also has an in built mechanism for receiving grievances from public. A Joint Secretary has been designated as Director of Public Grievances for the purpose.

Internal Complaints Committee on Sexual harassment of women employees

In compliance with Supreme Court's Judgement dated 13th August, 1997 in Visakha case relating to prevention of sexual harassment of women at work place, an internal complaints committee has been put in place for considering complaints of sexual harassment of women employees in Department of Disinvestment.

XV Vigilance Machinery

A Joint Secretary has been designated as part-time Chief Vigilance Officer in the Department.

XVI Right to Information Act, 2005

In order to facilitate dissemination of information

under the provisions of the Right to Information Act, 2005, the following initiatives have been taken by the Department :

- (i) ARTI Cell has been set up to collect, transfer the applications under RTI Act, 2005 to the Central Public Information Officers/ Public Authorities concerned and to submit the quarterly returns regarding receipt and disposal of the RTI applications/ appeals, to the Central Information Commission.
- (ii) Details of functions of the Department along with its functionaries etc. have been placed on Department's website (www.divest.nic.in) in compliance with Section 4(1)(b) of the RTI Act and is updated from time to time.
- (iii) One Under Secretary has been designated as the Nodal Central Public Information Officer and three other Under Secretaries as Central Public Information Officers under Section 5(1) of the Act, in respect of subjects handled by them.
- (iv) A Joint Secretary has been designated as First Appellate Authority in terms of Section 19(1) of the Act for all matters relating to the Department.

XVII Initiatives for Good Governance

As per the mandate provided by the Government of India (Allocation of Business) Rules, 1961, the Department is not involved in the delivery of any public services and thus, does not have any direct interface with the citizens or public at large. However, the Department has initiated the following measures as a part of good governance:

- Timelines have been prescribed for disposal of transaction related bills to avoid delay and any scope of corruption as also to promote good governance.

XVIII Audit Paras/Objections

No Audit paras/objections are pending in the Department.

XIX Integrated Finance Unit

The Integrated Finance Unit works under Additional Secretary & Financial Adviser (Finance) and deals with expenditure and Budget related proposals of Grant No. 46 - Department of Disinvestment - which includes Secretariat General Services covering the establishment budget for the Department of Disinvestment.

The budget allocation Under Grant no. 46 is as under:

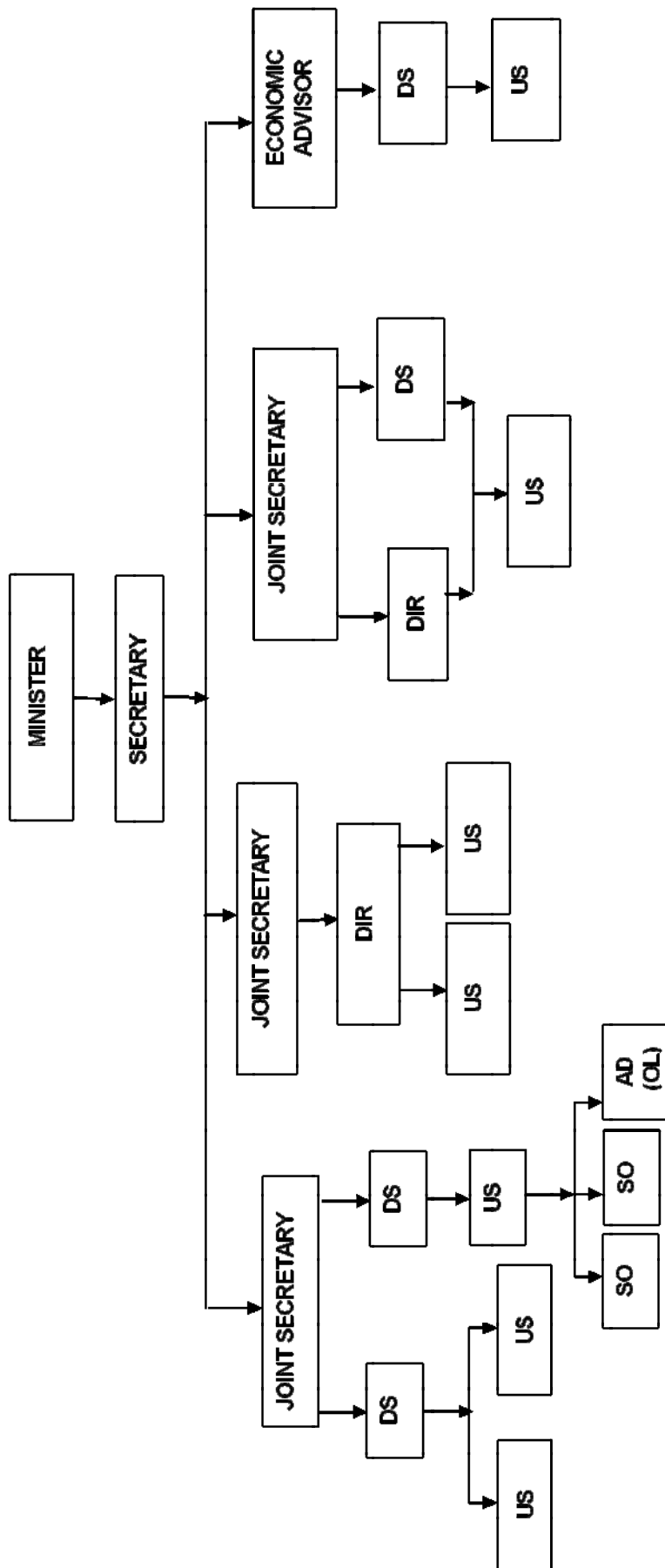
(Rs. in crores)

Grant No.	Budget Estimates 2015-16			Revised Estimates 2015-16		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
46 - Department of Disinvestment	----	44.00	44.00	----	35.00	35.00

The Integrated Finance Unit monitors all financial and expenditure related proposals of the Department like appointment of consultants, foreign deputation/visits of officers etc. The expenditure trend of the Department is

consistently monitored by the IF Unit. All budget related matters including issues concerning Standing Committee on Finance come within the purview of this unit.

Appendix I

ORGANISATIONAL STRUCTURE
DEPARTMENT OF DISINVESTMENT

Appendix II

Representation of SCs, STs, Persons with Disabilities & OBC in respect of Department of Disinvestment as on 31.12.2015

Groups	Number of Employees						Number of appointments made during the previous calendar year														
							By Direct Recruitment					By Promotion					By Other Methods				
	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	
A	20	4	0	0	0	0	0	0	0	0	2	1	0	0	0	6	2	0	0	0	
B	20	4	0	0	1	3	0	0	0	0	1	1	0	0	0	0	0	0	0	0	
C	12	5	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	52	13	0	0	6	3	0	0	0	0	3	2	0	0	0	6	2	0	0	0	

Department of Financial Services

1. Work Allocation among Sections

1.1 Banking Operation-I (BO-I)

1.1.1 Appointment of (a) Governor/Deputy Governor of RBI (b) Chairman & MDs of SBI (c) CMDs and EDs of Nationalised Banks (d) CMDs of NABARD and NHB (e) Whole Time Director in EXIM BANK, SIDBI and IDBI (f) Workmen Employee Directors (g) Part Time Non Official Directors and Officer Employee Directors of Public Sector Banks (PSBs). Constitution of Boards of Directors of RBI and PSBs.

1.1.2 Determination of salary allowances and other terms and conditions of Whole Time Directors of Public Sector Banks (PSBs) and Financial Institutions (FIs) / above institutions.

1.2 Banking Operation-II (BO-II)

1.2.1 Deposit Insurance and Credit Guarantee Corporation (DICGC) policy matters and publicity in PSBs, IFSC.

1.2.2 Administration of all Acts/Regulations/Rules related to financial systems like the Negotiable Instruments Act, 1881, the Chit Funds Act, 1982 and the Price Chits and Money Circulation Schemes (Banning) Act, 1978, etc. Payment and Settlement System Act, 2007 for Public as well as Private Sector Banks and other miscellaneous Acts/Bills

1.2.3 International Relations (Banking, Insurance and Pensions Reforms; Financial Action Task Force (FATF); International Cooperation in Joint Investment Funds; Oman-India Fund and Indo-Saudi Fund. WTO and Border Banking facilities.

1.3 Banking Operation-III (BO-III)

Customer Service in Banks/Insurance Companies/FIs. Complaints /Representations received from individuals, associations, companies, DPARG/DPG, MPs, VIPs etc. on various customer related issues, staff matters or any other operational matters in these organisations are handled for redressal.

1.4 Banking Operation & Accounts (BOA)

1.4.1 Preparation of annual consolidated review on the working of PSBs and laying it on the Tables of both Houses of Parliament; pattern of accounting and final accounts in PSBs; study and analysis of the working results of PSU Banks; audit of banks, appointment and fixation of remuneration of auditors of PSBs/FIs; laying of annual reports and audit reports etc., of PSBs in Parliament.

1.4.2 Taxation matters of PSBs/FIs; dividend payable to Central Government by PSBs; scrutiny of the annual financial reviews of PSBs conducted by RBI under Section 35 of the Banking Regulation Act, 1949 and follow up action; operation of the schemes of bank guarantee by PSBs and related complaints.

1.4.3 Capital restructuring of PSBs (including restructuring of weak PSBs) and Government's contribution to share capital, public issue of banks; Release of externally aided grants to ICICI Bank under USAID, Citizen's Charter of PSBs /RBI.

1.4.4 Disputes and arbitration between PSBs as well as between PSBs and other Govt. Departments/PSEs; appointment of advocates in PSBs, acquisition/ leasing/ renting/ vacation of leased premises; residuary matters of Portuguese Bank in Goa, Estate Officers under Public Premises Act, 1971; opening and shifting of administrative offices of banks.

1.4.5 All Policy matters related to Banking Operation such as Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of private sector banks; overseas branches of Indian banks; operation of foreign banks in India and functioning of PSBs, Banking Sector Reforms.

1.4.6 Notification regarding exemption from various sections of the Banking Regulation Act, 1949 and appointment of appellate authority to hear appeals under BR Act and RBI Act.

1.4.7 Administration of all Acts/ Regulations/ Rules related to PSBs, RBI and State Level Banks.

1.4.8 Appellate Authority on NBFCs and matters relating to NBFCs / Asset Restructuring Companies.

1.5 Agriculture Credit (AC)

Agriculture Credit; Agricultural Debt Waiver and Debt Relief Scheme, 2008; matters relating to NABARD (except service matters), Agriculture Finance Corporation (except Service matters), State Legislations on the subject, Co-operative Banks (including Urban Co-operative Banks), World Bank, ADB and kfw aided projects relating to rural/agriculture credit, appeals made by co-operative banks, matters relating to Micro Finance, financial assistance to persons affected by natural calamities, riots, disturbances, etc. Bank credit to KVIC, handloom and handicraft sector. Citizen Charter of NABARD.

1.6 Regional Rural Banks (RRBs)

Legislative matters with regard to RRB Act, 1976 and framing of rules thereunder; nomination of non-

official directors on the Board of RRB, appointment of Chairman, Recommendation of RRBs, review of performance of RRBs, wage revision, manpower planning; laying of Annual Reports of all RRBs along with review thereof; formation of Staff Service Regulation and Promotion Rules for employees and officers of RRBs, IR matters of RRBs. Citizen's Charter of RRBs. Priority Sector Lending, Micro Finance and other related matters which includes lending to weaker sections including SC/ST, PM's New 15 Point Programme for the Welfare of Minorities, credit to minorities, follow up action of Select Parameters recommended by Sachar Committee, DRI Scheme, Micro Finance Institutions and Legislations thereon, Self Help Groups as well as NABARD's Micro Finance etc.

1.6.1 Micro Finance - Matters related to Micro Finance Institutions and Legislation thereon, Self Help Groups, as well as NABARD's Micro Finance etc.

1.7 Financial Inclusion (FI)

Work relating to financial inclusion, coordination with other sections, offices, institutions etc. on Financial inclusion; Branch expansion of banks; Lead Bank Scheme and Service Area Approach; District and State Level Bankers' Committee (SLBC); Regional imbalances of banking network, matters related to Business Correspondents/Business Facilitators, Mobile Banking etc., matters relating to e-Governance in all FIs and e-Payments in banking system and computerisation of PSBs.

1.8 Industrial Relations (IR)

Service matters of PSBs/IDBI/FIs/NABARD/RBI. Administration of Industrial Disputes Act matters. HR matters relating to PSBs and RBI Unions and Associations in the Banking Industry, Bipartite settlements of policy of transfer, promotion, and HRD in banks; IB reports about political activities of bank employees; Pay and Allowances of bank employees in overseas branches; HR Reforms.

1.9 Coordination (Coord.)

Organisation of FM's meetings with CEOs of PSBs; and regional consultative committee meetings; Presidential address to the Joint Session of Parliament; Staff Meeting of Secretary (FS); monitoring & review of disposal of VIP references, PMO references, coordination of RBI pending matters; compilation and submission of material for Parliament Questions to other Ministries/Departments; Parliament Questions regarding VIP references; Monthly DO letter to Cabinet Secretary from Secretary (FS); Appointment of CPIOs, ACPIOs, AA and Nodal Section for RTI matters of DFS and to deal with CIC for Annual Report etc.; Updation of Induction Material for DFS; Co-ordination of VIP, PMO, President Sectt., etc. references involving more than two Divisions of DFS.

1.10 Establishment (Estt.)

Matters pertaining to the Officers and Staff of DFS including RRs, appointment, ACRs, deputation (including abroad), training, IWSU, SIU, welfare, review of officers under FR 56(J), internal vigilance, staff grievances, pension, etc.; grant of various advances to officers and staff, payment of fees to advocates, settlement of medical claims and CGHS matters, family welfare programme.

1.11 General Administration (GA)

Housekeeping, cleanliness, stores, canteen, R&I, library, Staff Car Drivers, vehicles to the officers of DFS, purchase of Computer Hardware and Maintenance of Computers, Printers and other equipments, Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of PSBs/FIs/PSICs etc.

1.12 Parliament

1.12.1 Collection, identification and marking of Parliament Questions, Notices, admitted Questions, and getting the files approved from the Minister. Preparation of facts and replies for pads of Ministers; keeping track and record of pending Assurances, Special Mentions and References under 377 and other matters as mentioned in the Induction Material.

1.12.2 Coordination work relating to the Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU) etc.

1.13 Hindi

Hindi Section of the Department is responsible to ensure implementation of Official Language Act, 1963 and Official Language Rules, 1976 made there under in the Department as well as in the Banks, Insurance companies, FIs that are under control of the Department and take action to achieve targets fixed in Annual Programme issued by Department of Official Language. Besides this Hindi Section of the Department is responsible for Hindi Translation of important documents issued by the Department i.e. Annual Report, Performance Budget, Cabinet Note, Report of Action Taken by the Government on the recommendation of Standing Committees. Besides these documents, Hindi Section also provide translation of documents that come under section 3(3) of Official Language Act, 1963 such as General order, Office memorandum, Resolution, Notification, Press Release, Rules, Contracts, Tender, Tender Notice etc.

1.14 Welfare Section

Matters relating to recruitment/promotion and welfare measures of SCs/STs/Persons with Disabilities and Ex-Servicemen in Public Sector Banks/FIs and Insurance Companies and also ensuring proper implementation of

the reservation policy of the Government of India for these categories of persons in Public Sector Banks/FIs and Insurance Companies.

1.15 Data Analysis (DA)

Reserve Bank of India Credit Policy – Busy Season – Slack Season and selective credit control; financial sector assessment and sectoral credit analysis; Banking Statistics regarding bank deposits and advances; deposits and advances of banks; rates of interest on bank deposits and advances; Dissemination of results and important information relating to RBI, IBA, studies on banking reforms; analysis of other international reports relevant to banking sector in India; Analysis of Reports of committees on Financial Sector Reforms etc. Management Information System – collection, collation of data relating to Banking Industry. Result Framework Document (RFD), Speeches of FM/MOS on different occasions.

1.16 Industrial Finance-I(IF-I)

Administration of the Export-Import Bank Act-1981 and Scheme for financing Viable Infrastructure Projects (SIFTI) of IIFCL, Operational/Policy/Budgetary matters relating to Exim Bank, IIFCL, IWRFC and IIBL Ltd; Matters related to IFCI Ltd, IDFC Ltd, Closure of IIBI Ltd, related matters; Board level appointments-Whole Time Directors- IIFCL, IWRFC and IIBI Ltd; Government Nominee Directors-Exim Bank, IIFCL, IWRFC, IIBI Ltd, IFCI Ltd. and IDFC Ltd; Non-official Directors-Exim Bank, IIFCL, IWRFC and IIBI Ltd; Sector-specific matters like infrastructure, power, textiles, exports; commerce etc.; Administration of Exim Bank Act; laying of annual reports of FIs; matters related to Ratnagiri Gas and Power Pvt. Ltd (RGPL). Citizen's Charter of EXIM Bank and IIFCL.

1.17 Industrial Finance-II(IF-II)

Work relating to Small Industries Development Bank of India (SIDBI), NHB, MSME, M/o HUPA and work relating to Housing, NCGTC, MUDRA, AAIFR, BIFR, TUFs, M/o HRD and work related to education loans, Skill Development, SFCs, Shipping Scheme, Micro Finance Institutions, Self Help Groups, Stand up India, VIP references, Audit Paras, CPGRAM, RTI, Parliament Questions, Assurances, Grievances, Budget Announcements, coordination with RBI and State Govts.

1.18 Vigilance

1.18.1 Consultation with CVC/CTE; nomination of CVOs for PSBs/FIs; correspondence with CBI; Annual Action Plan on Anti-Corruption measures; investigation of cases of frauds by CBI & RBI; matters under Prevention of Corruption Act; preventive vigilance; vigilance systems and procedures in RBI/PSBs/FIs and Insurance Companies; inquiry into complaints against GMs/EDs and CMDs of PSBs/FIs and Vigilance Surveillance over them;

major frauds in PSBs (in India and abroad); PMO references on anti-corruption measures; bank security; robberies & loss prevention in banks; sanction of prosecution in case of ED/CMDs; War Book matters; Annual Reports of CVC; Conduct Regulation in PSBs/FIs, employment after retirement regulations in PSBs; CVC/CBI references relating to DRTs/DRATs.

1.18.2 Office of Custodian/Special Court, Joint Parliamentary Committee (JPC) (which enquired into irregularities in securities transactions); disciplinary action against bank employees/executives involved in irregularities in securities transactions; establishment matters relating to Special Courts/Office of the Custodian; all issues pertaining to continuation of posts, budget matters of the O/o Custodian and Special Court including extension of the Office of Custodian and appointment of Custodian.

1.19 Debts Recovery Tribunal (DRT)

Establishment of DRTs/DRATs under the Recovery of Debts due to Banks and FIs Act, 1993; framing or amending rules for implementing of the provisions of the DRT Act; filling up of the posts of Chairpersons, Presiding Officers, Registrars, Assistant Registrars, Recovery officers, and other posts in DRTs/DRATs; issuing clarifications/guidelines etc. on administrative matters/review; progress and disposal of cases by DRT/DRATs; budget provisions, monitoring, etc relating to DRTs/DRATs.

1.20 Recovery Section

The Section deals with the issues relating to Recovery of Debts due to Banks and FIs (RDDBFI) Act, 1993 & Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and their Rules, Central Registry, Credit Information Companies including CIBIL, Securitisation and Foreclosure, resolution/recovery of Non-Performing Assets (NPAs) of PSBs(PSBs), One Time Settlement / Compromise of loan accounts etc.

1.21 Insurance-I (Ins.-I)

1.21.1 LIC Business - Review of the performance of LIC; Laying of Reports of LIC in Parliament; Opening/winding up of branches of LIC in India; Appointment of Auditors for LIC; Administration of PP Act in LIC and references relating to Estate matters in LIC; Foreign operations/ subsidiaries of LIC; References on Social Security Schemes and other life insurance schemes; Review of performance and making budgetary provisions for various GOI funded schemes such as Janashree Bima Yojana, Shiksha Sahayog Yojana, Varishatha Bima Yojana and Aam Aadmi Bima Yojana; Other Social Security Group Insurance Schemes under LIC; Central Government Employees Group Insurance Scheme; Postal Life Insurance Scheme; Employees'

Provident Fund Scheme; All Government sponsored/ supported schemes in life insurance; Any other life insurance or social security products/ scheme proposals; Others: Appellate Authority constituted under Section 110H of the Insurance Act, 1938;

1.21.2 Coordination work relating to the following Committees: Committee for the Welfare of Women; Committee for the Welfare of SC/ST; Estimates Committee;

1.21.3 Appointments - LIC—Selection & appointment of Chairman/ MDs, LIC, appointment of Directors on the Board of LIC, appointment of ex-officio members on the subsidiaries of LIC; Permission for foreign deputation of Chairman and MDs of LIC; Permission for commercial Employment after Retirement for Chairman/ MDs, LIC and other executives of LIC; IRDA -Appointments of Chairperson and Members of IRDA; Service condition of Chairman, Members and employees of IRDA; Budget and Funds of IRDA; Other matters relating to Brokerage agencies, entry of new companies and regulations of IRDA.

1.21.4 Service Matters - Service matters, rules and regulations in all public sector insurance companies; Representations on service matters by employees of public sector insurance companies; Service matters of Development Officers/ Agents/Intermediaries; Wage Revision/ Bonus/ VRS in LIC / Public Sector General Insurance Cos; Implementation of Pension Scheme/ policy matters on commercial employment. Citizen's Charter of Life Insurance Corporation Ltd.

1.22 Insurance-II (Ins.-II)

1.22.1 Grievances - Public grievances against services provided by Public Sector Insurance Companies including AICL and IRDA other than on service matters; Periodical meetings of Public Grievances Officers of public sector insurance companies; Functioning of internal public grievances redressal machinery in public sector insurance companies; Functioning of external redressal machinery like Consumer Courts, Ombudsmen, Lok Adalats, MACT and Courts etc; Appellate Authority constituted under Section 110H of the Insurance Act 1938. Citizen's Charter of Non Life Insurance Companies.

1.22.2 Housekeeping - Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of Insurance Companies.

1.22.3 Insurance Sector Reforms - All matters relating to reforms in insurance sector; Reforms related amendments to Insurance Act, 1938, LIC Act, 1956,

GIBNA, 1972, IRDA Act, 1999 and Actuaries Act, 2006; Implementation of Law Commission Reports.

1.22.4 Appointments - Policy issues concerning selection of Chief Executives in the PSU insurance companies including AICL; Appointment on the Boards of public sector non-life companies including AICL; Foreign deputation of Insurance executives; permission for Chief Executives of non-life companies including AICL.

1.22.5 General Insurance - Review of the performance of General Insurance Companies including AICL; Matters relating to Insurance Schemes of Public Sector General Insurance Companies including AICL and audit paras thereon; Computerization of public sector general insurance companies; References relating to Surveyors and Agents of non-life PSICs; Foreign operations of public sector general insurance companies; Reference relating to Re-insurance, Third Party Administrators, Tariff Advisory Committee; Opening/ winding up of branches ; Administration of War Risk (Marine Hull) Reinsurance Schemes, 1976; Reference from RBI on permission for release of foreign exchange for insurance policy abroad; Laying down of Annual reports of General Insurance Companies/ GIC/ AICL; Administration of PP Act in non-life insurance companies and references relating to Estate matters in those companies.

1.22.6 Coordination - Work relating to Budgeting, Tax proposals, Budget Announcements relating to insurance, Annual Report, Economic Survey, India Reference Annual, Economic Editors Conference, PMO/ Cabinet References, CII & FICCI, within Insurance Division, matter related to e-payments in Insurance Companies, computerization of Insurance Companies.

1.22.7 Others - WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country.

1.23 Pension Reforms (PR)

Coordinating and introducing Pension Reforms; Policy matters relating to National Pension System and its extension to State Governments and unorganised sector and implementation of the Co-Contributory Atal Pension Yojana (APY); Administrative and Legislative matters relating to Pension Fund Regulatory and Development Authority; Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds.

1.24 IT Cell

The IT cell handles all work related to the website of this Department, information technology, digitalization, Digital India initiative, liaison/coordination with NIC etc.

Performance and significant developments.**2. Banking Operations and Accounts****2.1 Capitalization of PSBs**

2.1.1 The Government had announced “Indradhanush” a plan to revamp PSBs and as part of that, a programme of capitalization to ensure that PSBs remain BASEL-III compliant was also announced under which Rs. 70,000 crore is supposed to be provided between 2015-19. The criteria used was to ensure that CET-I of all banks remain at 7.5%. Further, large banks were also given growth capital to support credit needs of the growing economy. Post Asset Quality Review (AQR) exercise by RBI to clean the balance sheets of PSBs, the numbers are being re-looked at and a revised programme of capitalization will be issued as part of “Indradhanush 2.0”.

2.1.2 The Government has already infused a sum of Rs. 19,950 crore in 13 PSBs during the current financial year.

2.1.3 Key Performance Indicators (KPI) for PSBs

2.1.3.1 Previously, Government had put in place a mechanism of Statement of Intent on Annual Goals (SOI) to monitor the performance of the PSBs on various performance parameters wherein annual targets were given to the PSBs after having detailed discussion with their top management. While fixing the target of SOI for PSBs on parameters such as deposits, advances priority sector lending, reduction in Non-Performing Assets (NPAs), recovery in written-off accounts, profit, CRAR, net interest margin (NIM), return on assets (ROA), cost-to-income ratio etc. various factors are taken into consideration viz., the actual performance of the bank during the preceding financial year, growth trends in the industry, future plans of the bank, acceptability of the targets by the banks etc. The achievement of SOI targets by banks formed the basis for grant of Performance Linked incentives to the whole time Directors of PSBs.

2.1.3.2 From 2015-16 onwards, SOI has been replaced by Key Performance Indicators (KPI) to make the targets generic rather the bank specific so that need to interact with bank authority is eliminated/ minimized.

2.2 Banking Operation-II (BO-II)**2.2.1 Enactment of the Negotiable Instruments (Amendment) Act, 2015**

The Negotiable Instruments Act, 1881 was enacted to define and amend the law relating to Promissory Notes, Bills of Exchange and Cheques. The object of the Negotiable Instruments Act, 1881 is to encourage the usage of cheque and enhance the credibility of the instrument so that the normal business transactions and settlement of liabilities could be ensured.

Section 138 of the Negotiable Instruments Act, 1881 deals with the offence pertaining to dishonor of cheque, drawn for discharge of any debt or other liability, on account of insufficiency of funds in the drawer's account or on account of the fact that the cheque amount is more than the amount agreed to be paid by the bank, and provides for penalties for such dishonour.

The Supreme Court, in its judgment dated 1st August, 2014, in the case of Dashrath Rupsingh Rathod versus State of Maharashtra and another (Criminal Appeal No. 2287 of 2009) held that the territorial jurisdiction for cases relating to offence of dishonour of cheques is restricted to the court within whose local jurisdiction such offence was committed, which in the present context is where the cheque is dishonoured by the bank on which it is drawn. The Supreme Court had directed that only in those cases where post the summoning and appearance of the alleged accused, the recording of evidence has commenced as envisaged in section 145(2) of the Negotiable Instruments Act, 1881, proceeding will continue at that place. All other complaints (including those where the accused / respondent has not been properly served) shall be returned to the complainant for filing in the proper court, in consonance with exposition of the law, as determined by the Supreme Court.

Various FIs and industry associations had expressed difficulties, arising out of the legal interpretation by the Supreme Court about the jurisdiction of filing cases under section 138 of the Negotiable Instruments Act, 1881. In view of the urgency to create a suitable legal framework for determination of the place of jurisdiction for trying cases of dishonour of cheques under section 138 of the Negotiable Instruments Act, 1881, the Negotiable Instruments (Amendment) Bill, 2015 was introduced by the Government to further amend the Negotiable Instruments Act, 1881. The Bill was passed in the Winter Session of the Parliament. The Negotiable Instruments (Amendment) Act, 2015 received the assent of the President on the 26th December, 2015 and has been published in the Gazette of India, Extraordinary on 29th December, 2015. The provisions of the Negotiable Instruments (Amendment) Act, 2015 shall be deemed to have come into force on the 15th Day of June, 2015.

The Negotiable Instruments (Amendment) Act, 2015 is focused on clarifying the jurisdiction related issues for filing cases for offence committed under section 138 of the Negotiable Instruments Act, 1881. The Negotiable Instruments (Amendment) Act, 2015, facilitates filing of cases only in a court within whose local jurisdiction the bank branch of the payee, where the payee delivers the cheque for payment through his account, is situated, except in case of bearer cheques, which are presented to the branch of the drawee bank and in that case the local Court of that branch would get jurisdiction. The Negotiable Instruments (Amendment) Act, 2015 provides for

retrospective validation for the new scheme of determining the jurisdiction of a court to try a case under section 138 of the Negotiable Instruments Act, 1881. The Negotiable Instruments (Amendment) Act, 2015 also mandates centralization of cases against the same drawer.

The clarification of jurisdictional issues may be desirable from the equity point of view as this would be in the interests of the complainant and would also ensure a fair trial. Further, the clarity on jurisdictional issue for trying the cases of cheque bouncing would increase the credibility of the cheque as a financial instrument. This is expected to help the trade and commerce in general and allow the lending institutions, including banks, to continue to extend financing to the productive sectors of economy, as the process of pursuing the cheque bouncing cases relating to loan default has been made simpler and efficient through the proposed amendments to the Negotiable Instruments Act, 1881.

2.2.2 Operationalisation of Central KYC Registry

There were various announcements in the Government Budget that a Central Know Your Customer (KYC) depository will be developed to avoid multiplicity of registration and data upkeep, and to facilitate inter-usability of KYC records across the entire financial sector. The objective was to improve and strengthen the institutional mechanism to verify the identity of the customers of the FIs and intermediaries, maintain records in this regard for stricter compliance, gradually eliminate the multiplicity of registration of KYC data, improve systemic efficiency, reduce costs by optimisation of resources and also to create a user-friendly structure for all the stakeholders.

Government of India has issued a notification under the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 on 26th November, 2015, authorising the Central Registry of Securitisation Asset Re-construction and Security Interest of India (CERSAI) to establish the Central KYC Registry. CERSAI has started a pilot with the select banks, insurance companies and mutual funds and based on the experience from the pilot run, the Central KYC Registry is expected to be made fully operational in the current financial year.

3. Regional Rural Banks

3.1 Revitalizing Regional Rural Banks (RRBs)

With the view to strengthening the RRBs for playing a greater role in agriculture, rural lending and financial inclusion the following measures were taken during the year 2015-16.

3.1.1 Branch Network of Regional Rural Banks

The number of branches of RRBs was increased from 19,082 as on 31st March, 2014 to 19,946 as on 31st March, 2015 taking the network of RRBs to 644 districts. During 2014-15, 864 new branches have been opened by RRBs. All branches of RRBs are on CBS Platform.

3.1.2 Capital Infusion for Improving CRAR

Dr. K.C. Chakrabarty Committee on "Recapitalization of RRBs for improving CRAR" had reviewed the financial position of all RRBs in 2010 and recommended for recapitalization of 40 out of 82 RRBs for strengthening their CRAR to the level of 9% by 31st March, 2012. Accepting the recommendations of the committee, the GoI along with other shareholders decided to recapitalize the RRBs by infusing funds to the extent of Rs.2200 Crore, with proportion of shareholder being 50:35:15 for GoI: Sponsor Bank: State Government. An amount of Rs.1086.70 crore has been released to 38 RRBs in 20 States by Government of India as on 31.03.2014.

Further, the Government has approved the proposal to continue the process of recapitalization of RRBs for next three years beyond 2013-14 i.e. upto 2016-17 for the RRBs who are unable to maintain minimum CRAR of 9%. The additional sum of Rs.700 crore approved earlier by the Cabinet is proposed to be utilized for providing recapitalization to any RRB who is not able to maintain minimum CRAR of 9%. The Reserve Bank of India has made mandatory for RRBs to maintain CRAR at minimum 9% with effect from 31.3.2014.

Rs.15 crore has been allocated in BE for 2015-16 under Plan head. Out of this, Rs.3.50 crore has been released to Manipur Rural Bank during 2015-16.

3.1.3 Financial Performance

The financial performance of RRBs improved during 2014-15 with 51 RRBs out of 56, recording net profit of Rs.2744 crore as on 31st March, 2015 as against Rs.2694 crore in 2013-14. However, 5 RRBs viz. Ellaquai Dehati Bank, Madhyanchal Gramin Bank, Nagaland Rural Bank, Odisha Gramya Bank and Utkal Grameen Bank incurred losses aggregating to Rs.176 crore during the year 2014-15. The aggregate reserves of RRBs stood at Rs.18712 crore as on 31st March, 2015 as against Rs.15805 crore as on 31st March, 2014, while their net worth increased from Rs.22172 crore in 2013-14 to Rs.25083 crore during 2014-15.

3.1.4 Accumulated Losses

The number of RRBs that had accumulated losses remained the same as 8 as on 31st March, 2015 as compared to previous year. However, the aggregate amount of accumulated losses of RRBs increased from Rs.948 crore as on 31st March, 2014 to Rs.1072 crore as on 31st March, 2015.

3.1.5 Non-performing Assets (NPA)

The Gross NPA of RRBs, increased from Rs.9708 crore as on 31st March, 2014 to Rs.10905 crore as on 31.3.2015. The Gross NPA as a percentage has decreased marginally from 6.09% as on 31st March, 2014 to 6.03% as on 31st March, 2015.

3.1.6 Human Resource Development

A Committee on Human Resource Policy for RRBs post CBS was constituted in NABARD to revisit the existing Human Resource Policy (Thorat Committee) for assessment of manpower/staffing pattern, skill development needs of RRBs in the event of implementation of CBS and other related technological upgradation. The recommendations of the Committee have been conveyed to all Sponsor banks/ RRBs on 24th February, 2015 by NABARD. RRBs have been given flexibility to adopt the recommendations with or without modifications with the approval of their Board.

4. Financial Inclusion

Financial Inclusion is an important priority of the Government. The objective of Financial Inclusion is to extend financial services to the large hitherto unserved population of the country to unlock its growth potential. To extend the reach of banking to those outside the formal banking system, Government and Reserve Bank of India (RBI) are taking various initiatives from time to time.

4.1 Expansion of Bank Branch network

(i) Number of functioning branches of Public Sector Banks - Population Group wise:

	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2011	20,373	16,388	13,416	12,757	62,934
31.03.2012	22,095	18,079	14,276	13,399	67,849
31.03.2013	23,955	19,818	15,001	13,965	72,739
31.03.2014	27,258	22,134	16,262	14,821	80,475
31.03.2015	29,377	23,746	17,335	15,525	85,983
30.09.2015	29,754	24,087	17,563	15,689	87,093

Source: RBI

(ii) Number of branches of Scheduled Commercial Banks (SCBs) - Population Group wise:

	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2011	33,517	23,366	17,583	16,427	90,893
31.03.2012	36,153	26,120	18,811	17,465	98,549
31.03.2013	39,425	28,853	19,851	18,305	1,06,434
31.03.2014	44,865	31,884	21,445	19,504	1,17,698
31.03.2015	48,207	34,145	22,949	20,760	1,26,061
30.09.2015	48,958	34,883	23,423	21,133	1,28,397

Source: RBI

(iii) Number of Functioning Branches as on 30.09.2015 - Bank Group and Population Group wise :

	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
SBI and its Associates	7,988	6,700	4,341	3,689	22,718
Nationalised Banks	21,355	16,830	12,714	11,589	62,488
Other PSBs	411	557	508	411	1,887
Old Private Sector Banks	1,417	2,599	1,469	1,087	6,572
New Private Sector Banks	3,083	4,290	3,218	3,869	14,460
Foreign Banks	8	12	57	247	324
Regional Rural Banks	14,696	3,895	1,116	241	19,948
All India	48,958	34,883	23,423	21,133	1,28,397

Source: RBI

4.2.1 Expansion of ATMs

RBI in terms of para 4 of their Master Circular issued on July 1, 2014 to all Commercial Banks and para 7 of a separate circular to RRBs has permitted Scheduled Commercial Banks and RRBs to install off-site ATMs/ Mobile ATMs at the locations of their choice, as per laid down norms without prior permission of RBI, subject to reporting.

Due to these relaxed norms, number of ATMs has increased considerably as per details given hereunder:

- (i) Number of ATMs of Public Sector Banks (PSBs)

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2011*	20032	30201	50233
31.03.2012	24181	34012	58193
31.03.2013	29411	40241	69652
31.03.2014	44504	65920	110424
31.03.2015	58763	69902	128665
30.09.2015	60882	75195	136077

* The data pertains to ATMs deployed as on April 30, 2011
Source: RBI

- (ii) Number of ATMs of Scheduled Commercial Banks (SCBs)

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2011*	34377	41268	75645
31.03.2012	48141	47545	95686
31.03.2013	58254	55760	114014
31.03.2014	76676	83379	160055
31.03.2015	92191	89061	181252
30.09.2015	94541	95303	189844

* The data pertains to ATMs deployed as on April 30, 2011
Source: RBI

4.3 RuPay Card

RuPay, a new card payment scheme has been conceived by NPCI to offer a domestic, open-loop, multilateral card payment system which will allow all Indian banks and FIs in India to participate in electronic payments. The card has been dedicated to the nation by the President of India on May 08, 2014. *RuPay* symbolizes the capabilities of banking industry in India to build a card payment network at much lower and affordable costs to the Indian banks so that dependency on international card scheme is minimized. This is in

line with many of the large emerging nations like China which have their own domestic card payment system. Government of India has directed banks to issue Debit cards to all KCC and DBT beneficiaries and that every new account holder should be issued a debit card. A low cost option such as *RuPay* will help in achieving this objective and consequently help in fulfilling the objective of financial inclusion. The *RuPay* Card works on ATM, Point of Sale terminals & online purchases and is therefore not only at par with any other card scheme in the world but also provides the customers with the flexibility of payment options.

4.4 USSD Based Mobile Banking

National Payments Corporation of India (NPCI) has launched Unstructured Supplementary Service Data (USSD) based mobile banking service to take the banking services to common people across the country. Banking customers can avail this service by dialing *99#, across all Telecom Service Providers (TSPs) on their mobile phones and transact through an interactive menu displayed on the mobile screen. *99# service is currently offered by 43 leading banks and all GSM service providers (Global System for Mobile Communications) and can be accessed in 12 different languages including Hindi and English. During the current financial year upto November 2015, 20.89 lakh customers initiated transactions have been done on USSD based platform.

Reserve Bank of India (RBI) has informed that as at the end of October 2015, 8.53 crore customers were registered with banks for Mobile Banking Services.

4.5 Pradhan Mantri Jan-Dhan Yojana (PMJDY)

With a view to increasing banking penetration and promoting financial inclusion and with the main objective of covering all households with at least one bank account per household across the country, a National Mission on Financial Inclusion named as *Pradhan Mantri Jan Dhan Yojana* (PMJDY) was announced by Hon'ble Prime Minister in his Independence Day Speech on 15th August, 2014. The scheme was formally launched on 28th August, 2014 at National level by Hon'ble Prime Minister.

4.5.1 Objectives of PMJDY

- Universal access to banking facilities for all households across the country through a bank branch or a fixed point Business Correspondent (BC) within a reasonable distance.
- To cover all households with at least one Basic Bank Account with RuPay Debit card having inbuilt accident insurance cover of Rs.1 lakh.
- An overdraft facility upto Rs.5000/- after satisfactory operation in the account for 6 months.

- (iv) A Life Cover of Rs.30,000/- to those beneficiaries who open their accounts for the first time from 15.08.2014 to 31.01.2015.
- (v) Financial literacy programme which aims to take financial literacy upto village level.
- (vi) The Mission also envisages expansion of Direct Benefit Transfer under various Government Schemes through bank accounts of the beneficiaries.
- (vii) Providing micro-insurance to the people.
- (viii) Unorganised sector Pension schemes through the Business Correspondents.

4.5.2 Achievements under PMJDY

- (i) As on 17.02.2016 -
 - 20.87 crore accounts have been opened under PMJDY out of which 12.79 crore accounts are in rural areas and 8.08 crore in urban areas.
 - Deposits of Rs. 32730.72 crores has been mobilized.
 - 17.36 crore RuPay Debit cards have been issued under PMJDY.
 - Aadhaar seeding has been done in 9.04 crore PMJDY accounts.
 - Zero balance accounts has been reduced to 29.03%.
- (ii) Household Coverage: 99.99% households out of the 21.22 crore households surveyed have been covered under PMJDY. Efforts are being made to achieve 100% coverage of households particularly in the State of J&K and LWE affected districts.
- (iii) As on 19.02.2016, out of total requirement of 1,26,740 fixed location Bank Mitras in Sub Service Areas (SSAs), 1,25,956 Bank Mitras have been deployed by banks.
- (iv) Overdraft (OD) in PMJDY accounts: As on 19.02.2016, 31.61 lac accounts have been sanctioned OD facility of which 15.75 lac account-holders have availed this facility involving an amount of Rs. 203.16 crore.
- (v) Insurance Claims settled
 - (a) As on 19.02.2016, out of 858 claims lodged, 832 claims have been disposed off under accidental insurance cover of Rs. 1 lakh under RuPay debit card.

- (b) As on 19.02.2016, out of 2298 claim lodged, 2273 claims have been disposed off under Life Cover of Rs.30,000/- to those beneficiaries who opened their accounts for the first time from 15.08.2014 to 31.01.2015.

5. Agriculture Credit

In order to boost agriculture productivity, farmers need access to affordable and timely credit facilities. To enable adequate credit flow to agriculture sector targets are set each year for PBSs, Private Sector Commercial Banks, RRBs and Cooperative Banks for agriculture credit. As against the farm credit target of Rs.8,00,000 crore for the year 2014-15, an amount of Rs. 8,45,328.23 crore was disbursed during the year. Year wise position of target and achievement under agricultural credit flow is given in the following table:-

Year	Target	Achievement
2004-05	1,05,000	1,25,309
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,657
2008-09	2,80,000	3,01,908
2009-10	3,25,000	3,84,514
2010-11	3,75,000	4,68,291
2011-12	4,75,000	5,11,029
2012-13	5,75,000	6,07,376
2013-14	7,00,000	7,30,122.62
2014-15	8,00,000	8,45,328.23*
2015-16	8,50,000	5,03,898#

* Provisional figures #As on 30 September 2015
(Provisional)

Source: RBI/NABARD/PSBs/IBA

5.1 Interest Subvention Scheme

The Government of India has since 2006-07 been subsidizing short term crop loans to farmers in order to ensure the availability of crop loans to farmers for loans upto Rs.3.00 lakhs at 7% p.a. This Interest Subvention has been further continued in 2015-16 for PSBs, Private Sector Commercial Banks (in respect of crop loans disbursed by rural and semi-urban branches of private sector commercial banks), Regional Rural Banks and Cooperative Banks.

During 2015-16, besides 2% interest subvention, 3% incentive is given for prompt repayment of loan reducing the effective rate of interest for such farmers to 4%. The year-wise amount released by the Government of India under Interest Subvention scheme is as follows:

(Rs. in crore)

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Amount Released	1700	2600	2011	3531.19	3282.70	5400	6000	6000	12,405.16*

*upto December, 2015

In order to discourage distress sale by farmers and to encourage them to store their produce in warehouse against warehouse receipts, Interest Subvention was introduced during 2011-12 to small and marginal farmers having Kisan Credit Cards for a further period of six months post-harvest, on the same rate as available for short term crop loan against negotiable warehouse receipts for keeping their produce in warehouses. This provision is continuing during 2015-16 also.

During 2015-16, in order to provide relief to farmers affected by natural calamities, the interest subvention of 2% will also be available to banks for the first year on the restructured amount. Such restructured loans may attract normal rate of interest from the second year onwards.

5.2 Kisan Credit Card

The Kisan Credit Card (KCC) scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all Cooperative Banks, Regional Rural Banks (RRBs) and Public Sector Commercial Banks throughout the country. KCC is one of the most effective tools for delivering agriculture credit. NABARD monitors the scheme in respect of Cooperative Banks and RRBs, whereas RBI monitors the scheme in respect of Commercial Banks. A revised scheme for KCC has been circulated by RBI and NABARD prescribing the provision for ATM enabled debit card which can be used at ATM/Point of sale (POS) terminal, with, inter alia, facilities of one-time documentation and built-in cost escalation in the credit limit etc.

The number of live/operative KCCs issued by Cooperative Banks, RRBs and commercial banks as on 31st October, 2015 (Provisional data) is as follows:

Cooperative Banks	RRBs	Commercial Banks*	Total
388.41	125.26	225.25	738.92

* As on 31.3.2015

5.3 Rural Infrastructure Development Fund (RIDF)

The GoI established a fund to be operationalised by NABARD in the Union Budget 1995-96 called the Rural Infrastructure Development Fund (RIDF), which was set up in NABARD by way of deposits from Scheduled Commercial Banks operating in India from the shortfall in their agricultural/priority sector/weaker sections lending. The Fund has since been continued, with its allocation being announced every year in the Union Budget. Over the years, coverage under the RIDF has been broad based, in each tranche, and at present, a wide range of 34 activities are financed under various sectors for development of rural infrastructure.

The annual allocation of funds announced in the Union Budget has gradually increased from Rs.2000 crore in 1995-96 (RIDF I) to Rs.25,000 crore in 2015-16 (RIDF XXI). The aggregate allocations till 2015-16 have reached Rs.2,42,500 crore including the Bharat Nirman component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII-XV.

As against the allocation of Rs.25,000 crore made for RIDF XXI tranche during 2015-16, sanctions were accorded to the extent of Rs.20,536 crore to various State Governments upto 31.12.2015.

5.4 Financing and supporting Producer Organisations through Producer's Development and Upliftment (PRODUCE)

Recognizing the various constraints and difficulties faced by farmers such as continued fragmentation of farm holdings, declining profitability of small farm holding and farmers' lack of access to technology, credit and market, the Government of India, through its Budget Announcement, 2014-15, took a noble initiative by announcing a corpus of Rs.200 crore in NABARD for Producer's Development and Upliftment (PRODUCE) in order to promote 2,000 Farmers' Producers Organizations across the country over the next two years.

In compliance to the announcement made in the Union Budget, 2014-15, an amount of Rs.200 crore was released to NABARD during 2014-15 for promoting and nurturing 2000 Farmers' Producers Organizations (FPOs) during 2014-15 and 2015-16. The Scheme is under implementation by NABARD, under which 800 FPOs were to be promoted during 2014-15 and 1200 FPOs during 2015-16. Under the Scheme, the incremental

income to farmers out of collective action would mainly come from the following:

- a) Production improvement on account of using better technology, better quality of inputs and improved extension services
- b) Reduced input cost due to collective sourcing at competitive market price
- c) Increased price realization due to value addition, good bargain and improved scale in marketing

The other economic benefits anticipated are generation of additional employment due to increased farming intensity and various post-harvest activities, reduction in migration due to improved farm viability and reduction in wastage of produce due to scientific storage, handling and processing facilities.

Against the target for forming 2,000 Farmers Producers Organisations (FPOs) in two years, i.e. 2014-15 and 2015-16, NABARD has sanctioned 1492 FPOs as on 30th November, 2015.

5.5 Scheme for Revival of 23 unlicensed DCCBs in 4 States

Recognizing the need to revamp ailing Cooperative Banks so that they are able to cater to the needs of farmers at their doorstep, the Union Cabinet in its meeting held on 5.11.2014 accorded approval for implementation of the Scheme for Revival of 23 Unlicensed District Central Cooperative Banks (DCCBs) in four States viz. 16 in Uttar Pradesh, 3 in Jammu & Kashmir, 3 in Maharashtra and 1 in West Bengal. The total capital infusion required for revival of these 23 DCCBs is to the tune of Rs. 2375.42 crore, out of which the commitment from Central Government is Rs. 673.29 crore, from the concerned State Governments Rs.1464.59 crore and from NABARD Rs.237.54 crore.

State Governments of Uttar Pradesh, Maharashtra and West Bengal signed the Memorandum of Understanding (MoU) for implementation of the said Scheme before the close of the financial year 2014-15 and accordingly, the Gol's share in respect of these States was released to NABARD during 2014-15.

The MoU with the State Government of Jammu & Kashmir was signed in the second half of 2015-16, i.e. on 4.11.2015. Accordingly, Rs.111.20 crore (as per the available budget) was released to NABARD on 10.11.2015 towards Gol's share for the State of Jammu & Kashmir under the Scheme. Remaining Rs.2 lakh will be released as and when the budgetary provision is available for the purpose.

6. Debts Recovery Tribunal

The Central Government has established 33 Debts Recovery Tribunals (DRTs) and 5 Debts Recovery Appellate Tribunals (DRATs) all over the country under the provisions of the Recovery of Debts Due to Banks & FIs Act, 1993 for expeditious adjudication and speedy recovery of debts due to banks & FIs and matters connected therewith. The Government has approved establishment of six new DRTs at Bengaluru, Chandigarh, Dehradun, Ernakulam, Hyderabad and Siliguri to bring down the pendency of cases in the existing DRTs.

The role of DRTs has been further enhanced by enactment of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, which provides for aggrieved parties to make appeals before the DRTs.

To remove certain difficulties being faced by the banks in conduction the recovery proceedings under the above two Acts, the Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012 has been enacted on 04th January, 2013.

As per data made available by DRTs, a total number of 19,595 cases (Original Application) involving Rs. 40,004.05 crores approximately were disposed off by the DRTs during the period of 01/01/2015 to 31/12/2015.

6.1 E-Governance

e-DRT project was introduced with the aim to make the functioning of Debt Recovery Tribunals & Debt Recovery Appellate Tribunals transparent to the general public. The e-DRT project is currently under progress and is expected to be completed soon.

There are multiple facets of the e-DRT project which includes DRT portal, Scanning and Digitization of old records and e-Filing process. Provisions has been made in DRT portal (www.drt.gov.in) to enable Debt Recovery Tribunals & Debt Recovery Appellate Tribunals to daily upload and update Cause lists, Judgments, and Daily Orders to the DRT portal for the convenience of the general public. The portal will also enable the general public to get information about the provisions of the Recovery of Debts due to Banks and FIs Act, 1993 (RDDBFI Act) and various rules related to Debt Recovery Tribunals and Debt Recovery Appellate Tribunals.

Scanning and digitization of old records is already under progress. The e-filing process in Debt Recovery Tribunals and Debt Recovery Appellate Tribunals is under active consideration at the moment.

7. Non-Performing Assets (NPAs)

7.1 Gross Non Performing Assets (GNPAs)

As per the data available, the GNPA ratio of PSBs steadily declined from 13.11 per cent in 2000-01 to 2.10 percent in 2008-09 and GNPA ratio of Scheduled Commercial Banks (SCBs) steadily declined from 12.04 per cent to 2.45 percent. This reduction is on account of good economic conditions, establishment of DRTs and enactment of SARFAESI Act. The following table depicts the trend of GNPA of PSBs/SCBs during last two years:

Period	GNPA (%)	
	PSBs	SCBs
March, 2013	3.84	3.42
March, 2014	4.72	4.11
December, 2014	5.63	4.78
March, 2015	5.43	4.62
June, 2015	5.93	4.97
September, 2015 (Provisional)	6.21	5.14

Main reasons for increase in NPAs of banks are due to sluggishness in the domestic growth during the recent past, slowdown in recovery in the global economy and continuing uncertainty in the global markets leading to lower exports of various products like textiles, engineering goods, leather, gems, external factors including the ban in mining projects, delay in clearance affecting Power, Iron & Steel sector, volatility in prices of raw material and the shortage in availability of Power have impacted the operations in the Textiles, Iron & Steel, Infrastructure sectors, delay in collection of receivables causing a strain on various Infrastructure projects, aggressive lending by banks in past.

Infrastructure loan requirements are such that only the big public sector banks could assume the exposure under consortium arrangements.

7.2 Financial Stability Report (FSR) December, 2015

According to "Financial Stability Report (FSR)", December, 2015 of Reserve Bank of India (RBI), the macro stress test for credit risk suggests that under the baseline scenario, the GNPA ratio may rise to 5.4 per cent by September 2016 from 5.1 per cent in September 2015, but could subsequently improve to 5.2 per cent by March 2017. However, if the macroeconomic conditions deteriorate, the GNPA ratio may increase further, and it could rise to around 6.9 per cent by March 2017 under a severe stress scenario. Under such a

scenario, the system level CRAR of SCBs could decline to 10.4 per cent by March 2017 from 12.7 per cent as of September 2015.

7.3 Steps Initiated for Recovery

To address the NPA situation, the Government has taken sector specific measures in identified sectors like Road, Steel, Power, Textiles. Six new DRTs are being established to facilitate recovery. RBI as the regulator has issued guidelines which inter alia provide for early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders, Framework for Revitalizing Distressed Assets in the Economy – Review of the Guidelines on Joint Lenders' Forum (JLF), Corrective Action Plan (CAP) and Strategic Debt Restructuring (SDR).

8. Prime Minister Mudra Yojana

In the Union Budget 2015-16, Hon'ble FM proposed to create a Micro Units Development Refinance Agency (MUDRA) Bank to refinance last mile financiers through the Pradhan Mantri Mudra Yojana.

Accordingly, Pradhan Mantri Mudra Yojana (PMMY) has been launched by the Hon'ble Prime Minister on 8th April, 2015 to provide formal access to credit for Non –Corporate Small Business Sector.

Objective of MUDRA is to bridge the gap in last mile financing by increasing the access to finance to the unbanked. By creating a robust architecture of Last Mile Credit Delivery, MUDRA will aim to increase the confidence of the aspiring young persons to become first generation entrepreneurs as also of existing small businesses to expand their activities.

I. Categories of loans:

- Loans upto Rs. 50,000 - Shishu
- Loans above Rs.50, 000 and upto Rs. 5.0 lakh - Kishore
- Loans above Rs.5.0 lakh and upto Rs. 10 lakh - Tarun

II. All loans upto Rs. 10 lakhs are to be free from collateral security as per RBI and MSME Act.

III. No processing fee is being charged by banks for loans upto Rs. 50,000/-. Application form for Shishu loans has been simplified into a single page format.

8.1 Eligibility for loan under PMMY

Any Indian Citizen who has a business plan for a non-farm sector income generating activity such as

manufacturing, processing, trading or service sector and whose credit need is less than 10 lakh can approach either a Bank, MFI, or NBFC for availing of MUDRA loans under Pradhan Mantri Mudra Yojana (PMMY).

8.2 MUDRA Card

MUDRA Card is an innovative credit product wherein the borrower can avail of credit in a hassle free and flexible manner. Since MUDRA Card will be a RuPay Debit Card, it can be used for drawing cash from ATM or Business Correspondent or make purchase using Point of Sale machine. Facility is also there to repay the amount as and when surplus is available, thereby reducing the interest burden.

PSBs have been allocated a total target of Rs.70,000 crore, and private sector/ Foreign Banks a target of Rs. 30,000 crore. The RRBs were given a target of Rs. 22,000 crore. Altogether, the target for loan disbursement under PMMY for F.Y. 2015-16 is fixed at Rs. 1,22,000 crore.

8.3 Achievement under PMMY as on 19.02.2016

- Total Amount disbursed under PMMY- Rs. 1,02,310.21 crore
 - Total No of borrowers- 2.73 crore
 - Women borrowers- - 2.11 crore
 - New Entrepreneurs- 98.90 lakh
 - SC/ST/OBC borrowers- - 1.40 crore
- Total Mudra Card issued – 4,70,881

(Amount in Rs. Crore)

Loan Type	No of Accounts	Disbursement Amount
SHISHU (Loans up to Rs. 50,000)	2,53,33,270	47,263.69
KISHORE (Loans from Rs. 50,001 to Rs. 5.00 Lakh)	17,04,238	33,128.4
TARUN (Loans from Rs. 5.00 to Rs. 10.00 Lakh)	3,03,109	21,918.12
TOTAL	2,73,40,617	1,02,310.21

9. Financial Institutions

9.1 India Infrastructure Finance Company Ltd. (IIFCL)

IIFCL was incorporated under the Companies Act as a wholly-owned Government of India company in 2006

to provide long term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called India Infrastructure Finance Company Ltd (IIFCL), broadly referred to as SIFTI. IIFCL accords overriding priority to Public-Private Partnership (PPP) Projects. IIFCL has been registered as a NBFC-ND-IFC with RBI since September 2013. The authorized and paid up capital of the company as on 30th September 2015 stand at Rs.5,000 crore and Rs.3,900 crore, respectively.

On a standalone basis, till 30th September 2015, IIFCL has made cumulative gross sanctions of Rs.63,888 crore under direct lending and has made cumulative disbursements of Rs.45,142 crore (including disbursements of Rs.6,256 crore under Refinance and Rs. 11,190 crore under Takeout Finance).

The company raises long-term resources both from domestic markets and overseas. IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank, KfW & EIB and has committed lines of credit.

9.1.1 New Initiatives

In March 2015, Government has permitted following major modifications to SIFTI in order to augment increased flow of financial assistance to the infrastructure sector:

- a) IIFCL can sanction loans on the basis of its own appraisal and assume the role of "Lead Lender".
- b) IIFCL can lend with average maturity of repayments of 5 years in case of projects where the flexible structuring model (5/25 model) is adopted by the consortium of lenders.
- c) IIFCL has been allowed to invest in "AAA" rated PSU corporate bonds and borrow short term debt to better manage its finances.
- d) Government has also approved the Regular Credit Enhancement Scheme and New Refinance Scheme of IIFCL.

The above changes are expected to provide flexibility to IIFCL in extending long term finance to infrastructure projects

In September 2015, for the first time in the Indian Infrastructure Sector, bonds with credit rating enhanced by partial credit guarantee provided by IIFCL under its Credit Enhancement Scheme were issued. The bond issue (worth Rs.451 Crore) has allowed the developer to replace existing debt for its renewable energy project with bonds having much higher tenor and along with a substantially reduced interest burden. Asian Development Bank (ADB) has participated as IIFCL's Backstop Guarantor in the transaction.

9.1.2 Subsidiaries of IIFCL

- IIFC (UK) Ltd incorporated in 2008; provides foreign currency lending to Indian Infrastructure Projects. Till 30th September 2015, IIFC (UK) has made cumulative disbursements of about USD 1.6 billion.
- IIFCL Projects Ltd iIPL, a 100% subsidiary of IIFCL, was set up in 2012 to provide advisory services including project appraisal and syndication services, as well as project development services involving feasibility studies, project structuring, financial structuring and development of detailed business cases.
- IIFCL Asset Management Company Limited (IAMCL) a 100% wholly owned subsidiary of IIFCL, acts as Asset Management Company of the IIFCL-IDF. IIFCL-IDF has successfully raised Rs.300 crore from its maiden IDF scheme which is the first IDF scheme to be listed on the Bombay Stock Exchange.

9.2 Export-Import Bank of India (EXIM BANK)

EXIM Bank (the Bank), established as a statutory, apex financial institution in 1982 under an Act of the Parliament of India, to finance, facilitate and promote India's international trade and function as a key policy-input provider to GOI, seeks to sub serve the long-term objective outlined in the Foreign Trade Policy of GOI, 2015-20, viz. doubling of India's exports to US \$ 900 billion by 2020.

9.2.1 Promotion of Equity/Inclusiveness

Exim Bank offers a comprehensive range of lending and service/advisory programmes, aimed at aiding the globalisation efforts of Indian companies. This enables the Bank to promote inclusion of a large cross-section of Indian exporters, in the opportunities being thrown up by globalization. Exim Bank especially distinguishes itself in the areas of project exports, export lines of credit (LOCs) and overseas investment finance (OIF), which benefit a gamut of externally-oriented Indian companies, including SMEs.

9.2.2 Performance

During April-November 2015, the Bank extended an aggregate of 7 GOI-guaranteed LOCs, to 6 countries, with credits amounting to US\$ 5.65 billion. As on November 30, 2015, 200 LOCs to 62 countries, with credits amounting to US \$ 12.48 billion are guaranteed by the Government of India. Besides LOCs, the Bank's new product - Buyer's Credit under the National Export Insurance Account (BC-NEIA) aims at catalysing project exports from India. The Bank has till date sanctioned an aggregate amount of US\$ 2.06 billion for 20 projects, and a robust pipeline is developing. As regards Overseas

Investment Finance, during April-November 2015, the Bank sanctioned funded and non-funded assistance to 16 Indian corporates aggregating to Rs.36.53 billion for part financing their overseas investments in 10 countries. As on November 30, 2015, Exim Bank has provided finance to 553 ventures set up by 430 companies in 71 countries. The Bank has achieved impressive business growth during FY 2014-15, recording 15% growth in both loans & advances and in the overall customer assets portfolio (aggregate of funded and non-funded portfolio) and 13% growth in total business (customer portfolio + borrowings). Bank's YOY growth during H1 FY 2014 to H1 FY 2015, in (i) gross loan assets was 17% (ii) in the overall customer assets portfolio was 15% and (iii) in total business was 17%. Net worth of the Bank as on 31.3.15 stood at Rs.9903 crore.

9.2.3 E-Governance and E-Payment:

- a) Sustained initiatives in enhancing the use of knowledge management tools and digital communication across its various constituents.
- b) Systems in place for operational business intelligence; document management and workflow; networks and security c) Move towards 100% electronic mode of payments and receipts. All payments being made by direct transfer through NEFT/RTGS d) Video- conferencing facility in place for cost-effective review of office-wise performance, in-house training and even interactions with clients.

9.2.4 Initiatives undertaken for Disabled/ Handicapped and SC/ST & other weaker sections of society

- a) The Bank awards scholarships to (i) reserved category students at the Indian Institute of Foreign Trade (IIFT), New Delhi; (ii) tribal students of Kalinga Institute of Industrial Technology (KIIT) University, Orissa; and (iii) reserved category students of North Eastern Regional Institute of Science and Technology (NERIST), Arunachal Pradesh. Scholarships are also awarded to one meritorious student from reserved category at the Jawaharlal Nehru University (JNU) and Delhi School of Economics (DSE), New Delhi.
- b) Training programmes on subjects of relevance to the Bank are organized regularly for the reserved category employees. They are also exposed to training in computer literacy and foreign languages.

9.2.5 Initiatives relating to Gender Budgeting and Empowerment of Women

- The Bank has ratio of almost 1:1 for male and female officers.

- Women are currently heading important departments/groups in the Bank such as Project Exports, Corporate Banking, Corporate Communications, Marketing Advisory, Internal Audit, Human Resource and Overseas Representative Offices. Lady Officers constitute around 44% of the Top Management of the Bank.
 - Women are members of the different internal committees constituted by the Bank [in fact women are represented in all Committees set up in the Bank].
 - Women officers are regularly nominated for training for professional development, leadership, training in the areas of soft skills and foreign languages.
 - The Bank has constituted an Internal Complaint Committee for considering complaints of sexual harassment of women. The Bank considers the safety of all its employees, particularly women, of great importance and seeks to provide a safe working environment at the workplace. The Bank's corporate culture provides an enabling environment wherein the women employees are treated with dignity, equality and are encouraged and empowered to attain growth and success.
 - Special programs are organized for women focusing on self-defence techniques, under the guidance of specialized instructors who are experts in the field of Karate.
 - The Bank had also explored the possibility and conducted a survey with a view to assessing the feasibility of setting up a crèche in order to provide child-care support to staff, particularly women.
 - Lady Officers seeking extended leave for child-care, post maternity, as well as leave prior to maternity, are granted the same.
 - The in-house Yoga class has special sessions focused on alleviating the health problems commonly occurring in women.
 - The Bank has appointed a lady medical practitioner to visit the Bank, for the convenience of the lady officers who require medical consultation.
- 9.2.6 Steps taken to implement the provisions of reservations for SCs, STs and OBCs and PWDs**
- a) Implementation of Reservation Policy in the Bank is monitored by the Human Resources Management Group and at the top management level.
 - b) Concessions, as prescribed under Reservation Policy, are made available to SC/ ST/OBC/PWD candidates in recruitment.
 - c) Two Liaison Officers, one for SCs and STs and another for OBCs, both at senior executive level, have been appointed in the Head Office.
 - d) Recruitment is centralized in Head Office and a member from the reserved category is included in all interview committees constituted for direct recruitment.
 - e) Separate rosters are being maintained for each Grade/Scale for direct recruitments and for Persons with Disabilities.
 - f) Half-yearly review reports as on June 30th and yearly as on December 31st pertaining to implementation of Reservation Policy is submitted to the Board of Directors and thereafter are forwarded to GOI.
 - g) Bank recruits officers from SC/ST/OBC & PWD categories through 'Special Recruitment Drives', as well.
- 9.2.7 Recent Developments**
- a) Lines of Credit: In keeping with GOI's focus on large value LOCs to developing countries, Exim Bank has offered an LOC of US\$ 2 billion to the Government of Bangladesh and an LOC of US\$ 1 billion to the Government of Nepal. The Agreement for the LOC to the Government of Nepal has since been signed.
 - b) Green bonds: The Bank issued 5-year US\$ 500 million Eurodollar Green Bonds in March 2015, for value date April 1, 2015. The Green Bonds have been included in the Bank of America Merrill Lynch Green Bond Index. The Green Bond issuance marks the first USD-denominated Green bond offering out of India as well as the first benchmark-sized Green bond out of Asia in 2015 and the third ever Green bond issuance out of Asia.
 - c) Focus Africa Seminar: Exim Bank organised a seminar titled "*Focus Africa*" on the sidelines of the third edition of the India-Africa Forum Summit (IAFS) held during October 26-29, 2015, in New Delhi. The Seminar which was inaugurated by Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Information & Broadcasting, Government of India, saw the participation of senior level delegates from institutions and the Governments of around 54 African countries, including the ECOWAS Bank for Investment and Development, PTA Bank, BOAD, DBSA and Afrexim Bank, and senior representatives from the African and Indian business community.

- d) On the occasion of the IAFS, Exim Bank announced setting up of the Kukuza Project Development Company in Africa to facilitate Indian participation in infrastructure projects in Africa. The other shareholders in the company are Infrastructure Leasing & Financial Services Ltd. Group, African Development Bank and the State Bank of India. The KPDC is expected to provide specialist project development expertise to take infrastructure projects from the concept stage to the commissioning stage in the African Continent.
- e) Special Purpose Facility for Financing Infrastructure Projects in Neighbouring Countries: The Facility would have two windows, viz., concessional window, and commercial window, and undertake financing and support projects.
- f) Project Development Company for Promotion of Trade & Investments in CLMV Countries: Exim Bank under the Gol's 'Act East Initiative' had undertaken a Mission to Cambodia, Lao PDR, Myanmar and Vietnam (CLMV countries), consequent to which a Project Development Company is being set up, to be followed by a Project Development and Facilitation Framework.
- 9.3 Industrial Finance Corporation of India (IFCI)**
- 9.3.1. Background**
- IFCI Ltd. was set up in 1948 as first Development Financial Institution of the Country with the name as "The Industrial Finance Corporation of India", a Statutory Corporation to provide medium and long term finance to industry. After repeal of "IFC Act" in 1993, IFCI became a Public Limited Company registered under the Companies Act, 1956. The Government of India has recently enhanced stake in the total share capital of IFCI at 51.04% thus making it a Government of India Undertaking w.e.f. April 07, 2015.
- IFCI is also a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India (RBI) as per RBI Act, 1949 and a notified Public Financial Institution under Section 2(72) of the Companies Act, 2013.
- IFCI reported improved Operational Performance in H1 of Financial Year 2015-16 (April 01, 2015 – September 30 2015)
- a) Profit After Tax for H1 of FY 2015-16 increased by 6% to Rs. 284 crore as compared to Rs. 268 crore in corresponding H1 of previous year;
- b) As on 30th September, 2015, Business Assets grew by 21.5% and 6% at Rs. 34,451 crore from Rs. 28,362 crore and Rs. 32,757 crore, as on September 31, 2014 and March 31, 2015, respectively;
- c) Gross NPAs reduced to 9.67% from 10.28% as on 31st March, 2015;
- d) Net NPAs reduced to 6.65% from 7.18% as on 31st March, 2015;
- e) Net Worth increased to Rs. 6,278 crore as on 30th September, 2015 from Rs. 5,996 crore as on 31st March, 2015.

(Rs. in Crore)

Particulars	As on 31 st March, 2014	As on 31 st March, 2015	As on 30 th Sept, 2014	As on 30 th Sept, 2015
Total Income	2,953.29	3,347.99	1,610.88	2,035.77
Total Expenditure	1,772.45	2,196.28	1,040.80	1,287.51
Profit After Tax	508.10	521.60	268.26	284.15
RoA (%)	1.85	1.63	1.79	1.58
Gross NPAs (%)	17.28	10.28	12.43	9.67
Net NPAs (%)	11.40	7.18	9.01	6.65
CAR (%)	21.30	18.76	20.48	17.89

9.3.2 Activities

The primary business of IFCI is to provide medium to long term financial assistance to the manufacturing, services and infrastructure sectors. IFCI also provides advisory services for Project Development, Project Appraisal, Strategic Analysis, Corporate Restructuring, legal advisory. IFCI has also played a pivotal role in institutional development and promoted various organizations i.e. Tourism Finance Corporation of India (TFCI), Asset Care Reconstruction Enterprises

(ACRE), IDFC, Power Trading Corporation Limited (PTC), Clearing Corporation of India (CCI), GIC Housing Finance Limited, Securities Trading Corporation of India Limited, North Eastern Development Finance Corporation Limited ("NEDFI"), OTC Exchange of India Limited ("OTCEI"), ICRA Limited, National Stock Exchange (NSE), Stock Holding Corporation of India Ltd (SHCIL), Technical Consultancy Organizations (TCOs) and social sector institutions like Rashtriya Gramin Vikas Nidhi (RGVN), Management Development Institute (MDI) and Institute of Leadership Development (ILD).

IFCI has diversified its activities through subsidiaries and associates into infrastructure development in the form of residential and commercial space, broking, venture capital, financial advisory, insurance broking, depository services, factoring etc.

9.3.3 Subsidiaries & Associates

IFCI has following six subsidiaries which have been contributing to industrial and infrastructure sector development of the country : -

- a) Stock Holding Corporation of India Ltd. (SHCIL) - www.shcil.com
- b) IFCI Infrastructure Development Ltd. (IIDL) - www.iidlindia.com
- c) IFCI Venture Capital Fund Ltd. (IVCF) - www.ifciventure.com
- d) IFCI Factors Ltd. (IFL) - www.ifcifactors.com
- e) IFCI Financial Services Ltd. (IFIN) - www.ifinltd.in
- f) MPCON Ltd.- www.mpconsultancy.org

9.3.4 Step Down Subsidiaries

IFCI has following six stepdown subsidiaries incorporated under Companies Act, 1956.

- a) IIDL Realtors Pvt. Ltd.
- b) IFIN Securities Finance Limited
- c) IFIN Commodities Limited
- d) IFIN Credit Limited
- e) SHCIL Services Limited
- f) Stock Holding Projects Limited

9.3.5 Associates

Besides above Subsidiaries & Stepdown Subsidiaries, IFCI has following 5 Associates as well: -

- a) Tourism Finance Corporation of India Limited
- b) NITCON Ltd.
- c) HIMCON Ltd.
- d) HARDICON Ltd.
- e) KITCO Ltd.

9.3.6 Achievements

- a) Aggregate Sanctions & Disbursement: - IFCI has made gross sanctions and disbursement of Rs. 13,665 crore and Rs. 8,675 crore, respectively during the Period January 2015 to November, 2015.
- b) Public Issue of Bonds : - IFCI had made Public Issue of Secured Redeemable Non-Convertible Debentures for Rs. 2000 crore in FY 2014-15

c)

against which successful allotments were made for Rs. 1972 crore of which Rs. 763 crore was raised in January-November 2015 period through 2nd tranche issued in January-February, 2015.

Setting Up of Venture Capital Fund for SC /ST : - The Government of India in the Budget of FY 2014-15, designated IFCI Ltd. with the task of setting up of Venture Capital Fund for Scheduled Castes. Accordingly, the Venture Capital Fund for Scheduled Castes has been made operational since 16th January, 2015 with a contribution of Rs. 200 crore by Ministry of Social Justice and Empowerment, Govt. of India and Rs. 5 crore by IFCI Limited under a commitment of Rs. 50 crore as sponsor and investor. The Venture Capital Fund is being managed by one of IFCI's subsidiary namely IFCI Venture Capital Funds Ltd. (IFCI Venture). As on 30th November, 2015, IFCI Venture has sanctioned and disbursed Rs. 104.70 crores and Rs. 25.24 crores to 28 and 10 beneficiaries, respectively.

d)

Credit Enhancement Guarantee Scheme for SC : - The Govt. of India designated IFCI as its Nodal Agency for Scheme of Credit Enhancement Guarantee for Scheduled Castes Entrepreneurs to provide guarantee to banks against loans extended to SC entrepreneurs with an objective to encourage entrepreneurship in marginal strata of the society. The Government of India has provided Rs.200 crore to IFCI for this purpose. The guarantee cover under the Scheme shall be ranging from Rs.15 lakh to Rs.5 Crore. The pan-India initiative shall promote entrepreneurship among SCs who are oriented towards innovation and growth technologies. IFCI has been coordinating with the banks for successful implementation of this social objective of the government.

As on November 30, 2015, there are 26 banks, which are Member Lending Institutions involved under the scheme to implement the scheme. Corporation Bank and Syndicate Bank have sanctioned loans worth Rs. 1,917.50 lakh under the scheme and more proposals are in pipeline. Further, Honourable Prime Minister made an announcement on August 15, 2015 about launch of Start-up India, Stand-up India initiative under which each bank branch should encourage at least one Dalit or Adivasi entrepreneur, and at least one woman entrepreneur. It is expected that initiative will provide requisite impetus to the CEGSSC.

e)

Awards & Accolades: - IFCI won Greentech HR Gold Award for Technology Excellence conferred on 29th May, 2015 by Greentech Foundation, Bengaluru. In terms of financial performance during the period January-November, 2015, IFCI has figured in the listing of top 500 companies of India as per details provided below :

Title	Rank
Dun & Bradstreet India's Top 500 Companies	101 st
Economic Times India's Top 500 Companies	260 th

9.3.7 Regional Offices

In order to increase pan India presence and with a view to further participating in the growth of industry and infrastructure of the country during the current Financial Year i.e. 2015-16, IFCI opened and operationalized two more regional offices at Raipur and Vijayawada, thereby increasing the total number of regional offices to eighteen.

9.3.8 Manpower

IFCI has continued its focus to improve its human resource pool through Training & Development initiatives as also by reviving Regional Offices at various places across India. During the period from January to November 2015, IFCI has made 12 appointments in the Asst. Manager/Manager grades (out of the recruitment process carried out earlier i.e. in the last FY 2014-15)

9.3.9 Corporate Social Responsibility

IFCI has continued its efforts to make a difference to the society at large by pursuing CSR activities and

IFCI has undertaken various Corporate Social Responsibility (CSR) initiatives, with focus on skill development, employment generation, public health, environment and rural development. Further as per notification from the Ministry of Corporate Affairs under section 135 and schedule VII of Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which came into effect from April 01, 2014, IFCI formulated its CSR Policy and also formed a trust named "IFCI Social Foundation" which has been duly registered. IFCI earmarked an amount of Rs.7.58crore for the financial year 2015-16 as per the norms laid down by the Companies Act, 2013 for its CSR activities. IFCI is contributing in CSR activities not only by itself but also by its various associates, subsidiaries and technical consultancy organizations promoted by it all over India. During the period January – November, 2015, IFCI has sanctioned an amount of Rs. 14.02 crore and disbursed Rs. 5.91 crore towards 32 CSR initiatives.

9.3.10 Representation of SC/ST and OBCs and Persons with Disabilities

In the year 2014, pursuant to the decision of the Board of Directors at its meeting held in January, 2014, IFCI started implementing reservation policy in all future promotions and recruitments. Consequently, the provisions of the reservation policy were implemented in Promotions conducted in March, 2015 and for recruitment at various levels. As desired, the information pertaining to the same is as under.

REPRESENTATION OF SC, STs, and OBCs

Group	No. of Employees				No. of Appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	75	6	1	4	0	0	0	0	13	1	0	0	0	0
Group B	187	15	3	21	12	0	0	4	16	1	1	0	0	0
Group C	2	1	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Excluding Safai Karamcharis)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karamcharis)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	265	22	4	25	12	0	0	4	29	2	1	0	0	0

REPRESENTATION OF PERSONS WITH DISABILITIES /VH

Group	No. of Employees				DIRECT RECRUITMENT								PROMOTION							
					No. of Vacancies reserved			No. of Appointments Made					No. of Vacancies Reserved			No. of Appointments Made				
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
	265	1		2	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

9.4 Small Industries Development Bank of India

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities. The business strategy of SIDBI is to address the financial and non-financial gaps in MSME eco-system. By this way, SIDBI would be complementing and supplementing efforts of banks in meeting diverse credit needs of MSMEs.

9.4.1 Performance review of SIDBI

The total MSME outstanding credit (gross) of the Bank was Rs.55,852 crore as at end December 31, 2015 as against outstanding credit (gross) of the Bank as on December 31, 2014 of Rs. 51,847 crore. The total income of the Bank during the year (upto December 2015) stood at Rs.4,148 crore.

9.4.2 Addressing Financial Gaps

SIDBI provides financial support to MSMEs by way of (a) refinance to eligible Primary Lending Institutions (PLIs), such as, banks, State Financial Corporations (SFCs) for onward lending to MSMEs and (b) direct assistance in the niche areas like risk capital/equity, sustainable finance, receivable financing, service sector financing, etc.

The highlights of various financial supports provided by SIDBI are given below:

9.4.2.1 Indirect Finance

● Refinance

The Bank is primarily a refinancing Institution. It provides refinance support to more than 900 Primary Lending Institutions (PLIs) having a combined network of over 1,00,000 branches. Refinance / Indirect support is extended for (i) Setting up of new projects and for technology up-gradation / modernisation, diversification, expansion, rehabilitation, energy efficiency, adoption of clean production technologies, etc. of existing MSMEs, (ii) Service sector entities and (iii) Infrastructure development and upgradation.

● Microfinance

SIDBI's micro finance assistance serves as a potent tool of inclusive growth and attainment of some of the Millenium Development Goals by catering to the bottom-of-the-pyramid sections of the society. SIDBI works with and through a large number of Micro Finance Institutions (MFIs) who have been nurtured, incubated and strengthened through a comprehensive range of financial and non-financial assistance. SIDBI has

supported development of India Microfinance Platform (IMFP) to provide and disseminate valuable information on the Indian MFIs. The platform is in line with MIX Market, which is a global, web-based, microfinance information platform.

The corpus under "India Microfinance Equity Fund" (IMEF) was increased to Rs.300 crore with additional allocation of Rs.200 crore by the Govt. of India. The primary objectives under IMEF is on providing equity and quasi-equity support to smaller MFIs to help them in getting debt funds from the banks and FIs in order to maintain growth and achieve scale and efficiency in their operations. Till December 31, 2015, the Bank had committed an amount of Rs.163.75 crore to 58 MFIs out of the Rs.300 crore fund.

As at Dec. 31, 2015 SFMC had extended financial assistance / capacity building assistance to more than 140 MFIs in different parts of the country, mostly in unserved and underserved areas. Cumulatively, SFMC-V has sanctioned Rs.11,345 crore and disbursed Rs.9,851.75 crore to partner MFIs, benefitting cumulatively approximately 337 lakh beneficiaries mostly women.

9.4.2.2 Direct Finance

● Equity / Risk Capital

With a view to ameliorating the problems faced by the MSMEs in accessing growth capital, SIDBI had started the risk capital operations, which have supported the growth requirements of a number of MSMEs by extending financial assistance for intangibles viz. marketing / brand building, technical knowhow, etc. where bank loans are generally not available. Such growth capital is offered in the form of risk capital / sub-debt which is collateral free, having higher moratorium on repayment and a flexible structuring.

● Promoting Energy Efficiency (EE) and Cleaner Production (CP)

As a part of its Green initiative, SIDBI has developed specialized financial products to promote energy efficiency (EE), cleaner production (CP) and environment protection in the MSME sector. These focused schemes have two-pronged approach: (a) concessional finance to encourage investment in energy efficient investments and (b) information dissemination to various MSME sectors on energy efficiency measures and technologies. In order to provide impetus to financing for the above measures, SIDBI has contracted Lines of Credit from international agencies viz., KfW, Germany, JICA, Japan and AfD, France.

SIDBI's strategic partnership with World Bank (WB) and Bureau of Energy Efficiency (BEE), Ministry of Power, Govt. of India for financing energy efficiency in

MSMEs has provided an impetus to EE based investments. SIDBI is executing a Global Environmental Facility (GEF) funded project, viz. "Financing Energy Efficiency at MSMEs" in five MSME clusters viz. Kolhapur – foundry, Tirunelveli – Limekilns, Ankleshwar – chemicals, Pune – forging and Faridabad – mixed cluster to increase demand for energy efficiency investments in the target MSME clusters and to build their capacity to access commercial finance. With a view to create a demonstration effect of financing of comprehensive energy efficiency retrofit investments (CERI) proposals, a revolving fund scheme for financing End-to-End Energy Efficiency Investments in MSMEs viz. "4E Financing Scheme" has been created to provide loans for energy efficiency projects to MSMEs at concessional rates and soft terms.

● Addressing Delayed Payments

In order to help the MSMEs for quicker realization of their receivables, SIDBI fixes limits to well-performing purchaser companies and discounts usance bills of MSMEs / eligible service sector units supplying components, parts, sub-assemblies, services, etc. so that the MSMEs / service sector units receive their sale proceeds quickly. SIDBI also offers invoice discounting facilities to the MSME suppliers of purchaser companies. It may also be noted that, Reserve Bank of India has decided for setting up of electronic Trade Receivables Discounting System (TreDS) for financing of trade receivables of MSMEs, from corporate and other buyers, through multiple financiers, which would improve the liquidity in the MSME sector significantly. It has since accorded in-principle approval to SIDBI and NSE Strategic Investment Corporation Ltd. (NSIC) in December, 2015, for setting up of the TreDS platform.

● Service Sector Financing

Service sector contributes about 60% of the national GDP and is also the fast growing segment of the Indian economy contributing significantly in employment generation and exports. The Bank had therefore, identified service sector as one of the thrust areas for lending and has charted out a focused business development strategy, encouraging product innovation suited to the needs of the industry, improving credit delivery and having in place a pricing policy which supports business growth linked to risk.

9.4.3 Recent Initiatives

- SIDBI Make in India Fund: The 'Make in India' campaign necessitated identification and creation of a favourable eco-system for encouraging the start-ups and drive the manufacturing domain with sustained employment opportunity creation and to raise the level of skilling for successful and sustainable enterprise creation. SIDBI has come out with a scheme called 'SIDBI Make in

India' fund with a corpus of Rs. 1,000 crore to make our MSMEs world class manufacturing hub. Under the fund, concessional finance is provided to identified MSME sectors.

- India Aspiration Fund: SIDBI has launched Rs.2,000 crore India Aspiration Fund (IAF) to give boost to the start-up Venture Capital ecosystem in the country. IAF is designed to act as a Fund of Funds managed by SIDBI and is contributing to MSME focused VCFs, which will enable them to raise private capital, thus enhancing the flow of equity to start-ups and growth stage MSMEs in the country. This initiative of SIDBI not only gives boost to the budding Start-up ecosystem but also strengthens the domestic Venture Capital industry. It is important to note that Rs.2,000 crore of seed capital under IAF can be leveraged to raise Rs.25,000 crore of equity capital, which can then further be used to raise debt of further Rs.50,000 crore (2:1 debt-equity). Thus, an initial IAF corpus of Rs.2,000 crore can effectively raise to Rs. 75,000 crore of finance for the MSME sector.

- SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE): SIDBI has launched a new scheme named 'SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE)' with a corpus of Rs. 10,000 crore to make available soft loan to MSMEs, in the nature of quasi-equity to meet the required debt-equity ratio and term loan on relatively soft terms for establishment of new MSMEs, as also for pursuing opportunities for growth for existing MSMEs.

9.4.4 ADDRESSING PROMOTIONAL & DEVELOPMENTAL GAPS

SIDBI adopts a 'Credit Plus' approach by providing various Promotional & Developmental (P&D) support primarily aimed at capacity building of the MSME sector. The brief highlights of various P&D activities of SIDBI are given below:

- Promoting Young Entrepreneurship –SIDBI has developed a website www.smallB.in, which is a virtual mentor and handholding forum for the potential / budding and even existing entrepreneurs to set up new units and grow the existing ones. The website is quite exhaustive, covering various aspects such as how to set up new business, business plan preparation, understanding various requirements for obtaining credit from banks / FIs, knowing Policies and Regulations, schemes and incentives offered by the Central and State governments, etc.

- MSME Advisory – With a view to help MSMEs in obtaining credit, SIDBI has set up MSME Advisory Centres (MACs), in partnership with industry associations to guide new / existing entrepreneurs regarding availability of schemes of commercial banks, government subsidies / benefits, provide borrowers with debt counselling, answering queries raised by banks etc. For manning the MACs, SIDBI has appointed Knowledge Partners (KPs) who are retired bank officials, suitably trained for the purpose.
- Capacity building of smaller banks – Regional Rural Banks (RRBs) / Urban Cooperative Banks (UCBs) / District Central Cooperative Banks (DCCBs) are well suited to meet last mile credit requirement of micro enterprises. In order to enable these banks to purvey credit to MSMEs, SIDBI is extending capacity building training support to these institutions for handling micro enterprises loans. The assistance is in the areas of free access to software on Downscaling Methodology developed for lending to micro enterprises. Besides organizing sensitization programmes on this methodology covering chairmen of about 27 RRBs and 10 UCBs, MoUs with 29 RRBs and 5 UCBs have been signed. Based on a comprehensive 2-day video based training module, “Training of Trainers” programmes have been conducted benefitting about 400 officials of 42 RRBs / UCBs.
- Skill Development –With a view to strengthening the technical and managerial capacities of the MSME entrepreneurs, the Bank supports reputed management/ technology institutions to offer certain structured management/ skill development programmes, viz. “Skill-cum-Technology Upgradation Programme” (STUP) and “Small Industries Management Assistants Programme” (SIMAP). Cumulatively more than 42,500 participants have benefitted from 1550 STUPs and 300 SIMAPs.
- Micro Enterprises creation:SIDBI has designed Micro Enterprises Promotion Programme (MEPP) which aims at promoting viable rural enterprises leading to employment generation in rural areas. MEPP was implemented in more than 121 districts in 24 States. Cumulatively, more than 41,000 rural enterprises have been promoted. These enterprises have provided employment to over 1 lakh persons, mostly in rural areas.
- Cluster Development:SIDBI has adopted cluster based approach for providing credit and non-credit support to the MSME sector. Under cluster development approach, SIDBI provides various Business Development Services (BDS), such as, new technologies, use of IT, skill development,

energy efficiency, marketing, etc. About 12,000 MSMEs/artisans/entrepreneurs have benefitted from these initiatives.

9.4.5 International Co-ordination

- As a part of sharing international best practices and innovative ideas, SIDBI had become a member of International Development Finance Club (IDFC), which is a group of 20 national, bilateral and regional development banks from Africa, Asia, Europe and Central and South America. Members of IDFC pool their global expertise, best practices and in-depth local know-how on strategic topics of mutual interest apart from financing a wide range of projects from poverty alleviation and habitat protection to education, health and public transportation. During the year, SIDBI attended the meeting of CEOs in Lima, Peru and Sherpa meeting at Rio de Janeiro, Brazil.
- SIDBI has also renewed its membership of “The Montreal Group” (TMG), Canada, as one of the founder members. TMG is an association of 8 Development Banks engaged in financing and development of MSMEs. During the year, TMG initiated discussion on three key topics viz. Green financing, Risk Management, Innovative Products and Services in which senior officials of SIDBI are key representatives. During the year, SIDBI attended the Annual General Meeting of TMG in Paris, France. SIDBI is hosting the next Annual meeting in April 2016 in Mumbai.
- Encouraged by the success of previous cluster interventions undertaken by the Bank during FY 2009-2012 under the MSME Financing and Development Project funded by the World Bank and the DFID, UK, the Bank proposed fresh intervention in MSME Clusters. The Bank believes that, a balanced approach towards fulfilling both, the credit needs and the non-credit needs, strengthens the ecosystem for MSMEs in a much better way. It was with this objective SIDBI decided to conduct study of both financial and non financial issues in 30 MSME clusters where availability of adequate and timely institutional credit, infrastructure gaps and lack of support services were affecting the growth and competitiveness of these cluster. The studies were funded by KfW.
- The 30 clusters were selected from 5 zones in the country representing North, South, East and North East, West and Central Zone. While the financial gap studies focused on assessment of credit gap, the non-financial gap study included assessment of gaps in the areas of business development services, marketing and infrastructure. The 30 MSME clusters chosen for

study covered around 95,000 MSME units. In all, 13 agencies were selected for undertaking these studies. SIDBI has since published these reports.

- Based on the findings of study conducted, SIDBI has identified 5 gaps which are common to most of the clusters (a) Skill Development (b) Infrastructure (c) Knowledge (d) Credit and (e) Policy Advocacy. Apart from these, certain cluster specific gaps were also observed.
- As a precursor to the detailed interventions covering all gaps in the identified clusters, SIDBI has initiated a successful short term Cluster Level Intervention Programme (CLIP) covering 2 common gap areas, i.e., (i) Knowledge and (ii) Skill Development Gap in FY 2015. Under CLIP, out of the 30 MSME clusters studied, SIDBI initiated interventions in 9 MSME clusters viz (i) Agartala (ii) Bhagalpur (iii) Coimbatore (iv) Hyderabad (v) Jamnagar (vi) Kolkata (vii) Ludhiana (viii) Panipat and (ix) Rajkot. CLIP will be followed by a detailed, long term 3 year intervention in identified clusters starting FY 2016.
- SIDBI has collaborated with GiZ under the Responsible Enterprise Finance Project wherein GiZ is providing Technical Assistance of Euro 3 million. The project has four components (1) Environment & Social Governance (ESG) Framework for MSME Financing which aims at strengthening FIs to integrate ESG concerns in their operations and strategic decision making, (2) Sustainability – oriented Financial products and services (3) Risk Capital for social enterprises and (4) Voluntary Framework / Guidelines for Indian Financial Sector. Under the project, SIDBI and GiZ have also launched program for Accelerating Investments in Social Enterprises (PRAISE), recognizing and supporting social enterprises in India, which aims at igniting investments in the social enterprises sector and creating meaningful outcomes for the enterprises. Further under the project draft ESG guidelines have been developed in consultation with banks and FIs.

9.4.6 SIDBI as Nodal / Implementing Agency for Government Schemes.

SIDBI is the Nodal Agency for implementation of certain MSME related schemes of the Government of India (GoI) for encouraging implementation of technology upgradation and modernization in the MSME sector. SIDBI provides Nodal Agency services for implementation of Credit Linked Capital Subsidy Scheme (CLCSS) and Technology and Quality Upgradation Programme (TEQUP) (Ministry of MSME), Technology Upgradation Fund Scheme for Textile Industry (TUFS) (Ministry of Textiles), Integrated Development of Leather Sector

Scheme (IDLSS) (Ministry of Commerce & Industry) and Scheme of Technology Upgradation of Food Processing Industries (Ministry of Food Processing Industries).

9.4.7 Subsidiaries / Associates

SIDBI has also emerged as the Institutions Builder in desired areas to strengthen the MSME ecosystem by setting up of various subsidiaries and associates.

- SIDBI Venture Capital Limited: In order to promote innovation by providing venture capital assistance to knowledge-based MSMEs, SIDBI set up SIDBI Venture Capital Ltd. (SVCL), a subsidiary of SIDBI set up in July, 1999, as an investment management company, presently managing four venture capital funds, viz. the National Venture Fund for Software and Information Technology Industry (NFSIT), the SME Growth Fund (SGF), India Opportunities Fund (IOF), Samridhi Fund (SF) and TEX Fund (TF). These VC funds provide assistance to knowledge based MSMEs. The cumulative corpus of these funds as on December, 2015 was about Rs.1500 crore.
- Credit Guarantee Fund Trust for Micro and Small Enterprises: In order to encourage banks to lend more to micro and small enterprises (MSEs), Government of India and SIDBI have set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in July 2000, to provide credit guarantee support to collateral free / third-party guarantee free loans upto Rs. 100 lakh extended by banks and lending institutions for MSEs. Cumulatively, as on December 31, 2015, 21.65 lakh MSE guarantees for an amount of Rs.1.04 lakh crore (68% for loans below Rs. 25 lakh) have been approved under Credit Guarantee Scheme.
- SMERA Ratings Limited: Further, to support banks in quicker credit sanction to MSMEs, SIDBI, along with few PSBs and Dun & Bradstreet (D&B), set up SMERA Ratings Ltd. in September 2005 as an MSME dedicated third-party rating agency to provide comprehensive, transparent and reliable ratings of MSMEs. SMERA has achieved considerable success in rating 36,972 MSMEs as at December 2015, spread across various categories, industries and states, out of which MSEs constituted almost 99%.
- India SME Technology Services Limited: In order to support banks in quicker credit sanction to MSMEs, SIDBI set up India SME Technology Services Limited (ISTSL) in 1995 to offer technology advisory and consultancy services for projects / assignments related to Energy Efficiency and Demand Side Management, Renewable Energy (particularly solar), MSME Cluster Development and Evaluation Studies and

Capacity building, awareness creation and skill development.

- India SME Asset Reconstruction Company Ltd.: India SME Asset Reconstruction Company Ltd. (ISARC) is the country's first MSME focused Asset Reconstruction Company striving for speedier resolution of non-performing assets (NPA) in the MSME sector by unlocking the idle NPAs for productive purposes which would facilitate greater flow of credit from the banking sector to the MSMEs. Set up in April 2008, ISARC's objective is to acquire non-performing assets (NPAs) and to resolve them, through its innovative mechanisms, with a special focus on the NPAs of MSME sector. As on December, 2015, ISARC has assets under management of over Rs. 378 crore.

9.5 National Housing Bank (NHB)

Activities & Operations during FY 2014-15 and 2015-16 (Half Year July – December, 2015).

(The financial year of National Housing Bank (NHB) is from July – June).

9.5.1 Performance during the year

During the year 2014-15 (July - June), refinance aggregating Rs.21,847.23 crore was disbursed, out of which Rs. 5,544.43 crore was disbursed for rural housing under the Golden Jubilee Rural Housing Refinance Scheme and the Rural Housing Fund.

For the half year July, 2015 to December, 2015, refinance aggregating Rs.7,808.78 crore was disbursed, out of which Rs.1,588.84 crore was disbursed for rural housing under the Rural Housing Fund.

The breakup of the releases made during 2014-15 (July - June) is as under:

(Amount in Rs. crore)

Scheme	Achievement			
	HFCs	SCBs + RRBs	UCBs + ACHFS + ARDBs	Total
Regular	3521.40	8576.00	25.00	12122.40
GJRHS	558.90	0.00	65.00	623.90
RHF	2101.34	2819.19	0.00	4920.53
LIH	50.20	0.00	0.00	50.20
UHF	902.12	2797.89	0.00	3700.01
Women	256.19	174.00	0.00	430.19
Total	7390.15	14367.08	90.00	21847.23

The breakup of the releases made during 2015-16 (July to December, 2015) is as under:

(Amount in Rs. crore)

Scheme	Achievement			
	HFCs	SCBs + RRBs	UCBs + ACHFS + ARDBs	Total
Regular	3487.65	1380.00	0.00	4867.65
RHF	1103.02	485.82	0.00	1588.84
UHF	72.84	1238.61	0.00	1311.45
Special Urban Housing Refinance Scheme for Low Income Households	40.84	0.00	0.00	40.84
Total	4704.35	3104.43	0.00	7808.78

9.5.2 Performance under Rural Housing

Out of the total refinance releases of Rs. 21847.23 crore made during the year 2014-15, 25.37% aggregating Rs. 5544.43 crore have been made under the Rural Housing Fund (RHF) and the Golden Jubilee Rural Housing Refinance Scheme (GJRHS) in respect

of loans given by Primary Lending Institutions (PLIs) in rural areas.

During the half year July 2015 to December 2015, 20.35% of total disbursements of Rs.7808.75 crore i.e. Rs.1588.84crore have been made under the Rural Housing Fund (RHF) in respect of loans given by Primary Lending Institutions (PLIs) in rural areas.

9.5.3 Rural Housing Fund (RHF)

The Hon'ble Finance Minister, in his Union Budget speech for 2008-09, announced the setting up of the Rural Housing Fund to enable primary lending Institutions to access funds for extending housing finance to targeted groups in rural areas at competitive rates. The corpus of the fund for 2008-09 was Rs.1,778.18 crore, which was enhanced by Rs. 2,000 crore during 2009-10, another Rs. 2,000 crore for 2010-11, another

Rs. 3,000 crore for 2011-12, another Rs. 4000 crore for 2012-13 and another Rs. 6,000 crore for 2013-14 and further by Rs. 8,000 crore in 2014-15.

Till June 2015, total amount of Rs. 22,778 crore was received by the Bank under the Fund. Further, during the period July 2015 -December 2015, an amount of Rs.2,000 crore has been received by NHB under the Scheme pertaining to the year 2014-15.

(Amount in Rs. crore)

	2012-13	2013-14	2014-15	2015-16 (July – December 2015)
Amount allocated by RBI / Gol	4000.00	6000	8000	-
Amount deposited by Banks	4000.00	6000	4000	2000 #
Amount disbursed under Rural Housing Fund (RHF)	4027.42	6000	2364.22	1588.84

Rs. 2000 crore was received from the allocation of 2014-15.

Under RHF, refinance is given to PLIs for lending towards rural housing undertaken by people falling under the weaker section category. The housing loans eligible under this scheme are Direct Housing loans up to Rs.15 lakh disbursed by the PLIs to i) rural population with income up to Rs.2 lakh ii) Small and marginal farmers with land holding of 5 acres and less and landless laborers, tenant farmers and share croppers iii) Women iv) loans eligible under Swarnjayanti Gram Swarozgar Yojana (SGSY) and Differential Rate of Interest (DRI)

i.e. classified as BPL or marginally above the poverty line, v) Scheduled Castes, Scheduled Tribes and vi) Persons from minority communities as may be notified by Government of India from time to time. The Interest rate on refinance currently applicable under the Scheme is 6.12%. Further, to ensure that the intended benefit of lower interest rates reaches to ultimate borrowers, on-lending rates have been capped. Cumulative disbursements under RHF since inception till 31.12.2015 have been Rs. 22,764.47 crore.

Rural Housing Fund - Allocation & Utilization

Year	Allocation	Utilization					
		Institution Category					
		HFCs	SCBs	UCBs	RRBs	ACHFS & ARDBs	Total
2008-09	1778.18	1544.88	0.00	15.00	201.60	0.00	1761.48
2009-10	2000.00	1794.86	0.00	4.00	184.96	32.00	2015.82
2010-11	2000.00	1687.54	182.00	0.00	134.12	0.00	2003.66
2011-12	3000.00	2125.25	721.42	13.32	143.04	0.00	3003.03
2012-13	4000.00	1939.94	1802.03	0.00	285.45	0.00	4027.42
2013-14	6000.00	2326.18	1023.39	0.00	94.12	0.00	3443.69*
		355.23	2201.08	0.00	0.00	0.00	2556.31^
	Total	2681.41	3224.47	0.00	94.12	0.00	6000.00
2014-15	8000.00	1746.11	398.00	0.00	220.11	0.00	2364.22
2015-16		1103.02	261.86	0.00	223.96	0.00	1588.84
Total	26778.18	14623.01	6589.78	32.32	1487.36	32.00	22764.47

* Disb in 2013-14^ Disb in 2014-15

9.5.4 Urban Housing Fund (UHF)

In the Union Budget 2013-14, the Hon'ble Finance Minister announced the establishment of an Urban Housing Fund, having initial corpus of Rs. 2,000 crore. As against total allocation of Rs. 6,000 crore, the Bank has received full amount of Rs. 6,000 crore. The position of UHF mobilized year wise till 31.12.2015 is as under:

	UHF Allocations	Amount Received	Amount disbursed
2013-14	2000	2000	2000
2014-15	4000	4000	2573.21
2015-16	*	-	1311.45
Total	6000	6000	5884.66

* No allocation by GoI for the year 2015-16

The purpose of this Scheme is to provide refinance assistance in respect of housing loans extended by PLIs in urban areas for the construction/ purchase of Dwelling Units, Repairs/Renovation/ upgradation of dwelling units and for incremental housing. The eligible loan size is up to Rs. 10 lakh disbursed on or after 01.04.2013 against the dwelling unit whose carpet area does not exceed 60 m² or the cost of dwelling does not exceed Rs.16 lakh. The targeted beneficiaries under the Scheme are borrowers in urban areas with total household income not exceeding Rs. 4,00,000/- per annum. The Interest rate for refinance currently applicable under the Scheme is 6.87%. Cumulative disbursements made under UHF till 31.12.2015 have been Rs. 5,884.66 crore.

Year	Allocation	Utilization					
		Institution Category					
		HFCs	SCBs	UCBs	RRBs	ACHFS & ARDBs	Total
2013-14	2000.00	128.70	744.50	0.00	0.00	0.00	873.20*
		19.30	1107.50	0.00	0.00	0.00	1126.80^
	Total	148.00	1852.00	0.00	0.00	0.00	2000.00
2014-15	4000.00	882.82	1660.50	29.89	0.00	0.00	2573.21
2015-16		72.84	1207.57	0.00	31.04	0.00	1311.45
Total	6000.00	1103.66	4720.07	29.89	31.04	0.00	5884.66

* Disb in 2013-14 ^ Disb in 2014-15

9.5.5 Focus on Economically Weaker Section (EWS) and Lower Income Group (LIG)

The disbursement of refinance during the year 2014-15 focused on EWS and LIG. The refinance disbursements in respect of housing loans under Rs.15 lakhs amounted to 51.73 % of the total disbursements, with refinance in respect of housing loans upto Rs.5 lakhs amounting to more than 15.08% of the total disbursements.

9.5.6 Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme

To encourage the Primary Lending Institutions (PLIs) like Banks and Housing Finance Companies (HFCs) in promoting Housing for All by 2022, the Government of India, Ministry of Housing & Poverty Alleviation (MoHUPA) has implemented, Credit Linked Subsidy Scheme (CLSS), as a Central Sector Scheme, under the second vertical of the Pradhan Mantri Awas Yojana (PMAY) Housing for All (Urban) Scheme. The National Housing Bank (NHB) is a Central Nodal Agency, which has signed MoU with 138 Primary Lending Institutions (PLIs) so far, for implementing the Scheme. To expedite the claim submission under CLSS, NHB has also developed an online portal for lodging the CLSS

claims by PLIs. NHB is sensitizing the PLIs by organizing regional workshops, in different parts of the country.

Under the 'Credit Linked Interest Subsidy' Scheme, beneficiaries of Economically Weaker Section (EWS) and Low Income Group (LIG), not owning a pucca house anywhere in India and seeking housing loans (for new construction and for addition of rooms, kitchen, toilet etc. to existing dwellings as incremental housing) from Banks, Housing Finance Companies and other such identified institutions would be eligible for an interest subsidy at the rate of 6.5% for a maximum tenure of 15 years.

The credit linked subsidy will be available only for loan amounts upto Rs.6 lakh and additional loans beyond Rs. 6 lakh, if any, will be at nonsubsidized rate. The interest subsidy will be credited upfront to the loan account of beneficiaries and the Net Present Value (NPV) of the interest subsidy to be calculated using a discount rate of 9%.The carpet area of houses being constructed should be upto 30 square metres and 60 square metres for EWS and LIG, respectively in order to avail of the credit linked subsidy. The beneficiary, at his/her discretion can build a house of larger area but the interest subvention would be limited to first Rs. 6 lakh only.

The following three verticals of Pradhan Mantri Awas Yojana (PMAY) Housing for All (Urban) Scheme are being implemented as Central Sponsored Schemes by MoHUPA in partnership with the State Governments for EWS:

- a) Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource
- b) Affordable Housing in Partnership with Public & Private sectors
- c) Subsidy for beneficiary-led individual house construction

So far, about Rs. 55 Crore have been released to 18 Primary Lending Institutions benefiting 3812 claims.

9.5.7 Equity Participation by NHB

As part of its promotional role, National Housing Bank participates in the equity of housing finance companies and other institutions which can play an important role in the development of the sector. Currently, the Bank's contribution in the equity of three housing finance companies, namely, Cent Bank Home Finance Limited, Mahindra Rural Housing Finance Limited and SEWA Grih Rin Ltd. stood at 16%, 12.50% and 7.41% of their total paid up capital, respectively.

The Bank also has contributed 4.98% equity shareholding in Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI). The Company is a Government Company with Central Government shareholding of 51%. 10 PSBs hold the balance amount of equity capital.

9.5.8. New Schemes

9.5.8.1 Special Urban Housing Refinance Scheme for Low Income Households (WB-ULIH) (Refinance Scheme launched under the NHB-WB Urban Low Income Housing Project)

The Government of India has entered into an agreement with the International Development Association (IDA) under which IDA will provide a \$100 million equivalent Credit to the GoI. IDA has also entered into an agreement with NHB for the implementation of the project, which includes extending refinance in respect of housing loans conforming to certain parameters laid down under the programme. Thus, a refinance scheme has been formulated in accordance with the parameters of the programme in order to provide a better focus to the programme. The Scheme aims to serve the urban housing needs of the low income households which are dependent on informal sector for earning their livelihood. Refinance will be provided by NHB to the Primary Lending Institutions (PLIs) in respect of their housing loans which are secured either through collateral of property financed or are alternatively secured. Refinance assistance will be provided under the Scheme to PLIs in respect of their housing loans in the urban areas extended to low income household either directly or through intermediaries like MFIs (having proper systems and procedures for

appraisal and follow-up of housing loans including qualified staff for handling such loans to the satisfaction of the concerned PLI), for the following purposes:

- construction / purchase of new dwelling units
- purchase of existing dwelling units
- repairs / renovation / extension / up-gradation of existing dwelling units

The total disbursements so far under the World Bank line of credit to PLIs is Rs.110.06 crore, facilitating construction of 4389 dwelling units.

9.5.8.2 Special Refinance Scheme for Flood Affected Areas of Jammu & Kashmir

Torrential rains and floods had affected large parts of Jammu & Kashmir in 2014, displacing large segments of the population and resulting in large scale destruction of property. Rebuilding of the ravaged dwelling units and rehabilitation of the affected people will be a mammoth task requiring multi-pronged action, with involvement of all stakeholders. As an effort in this direction, the National Housing Bank (NHB), with the support of the Government of India and the Reserve Bank of India, has launched Special Refinance Scheme for Flood Affected Areas of Jammu & Kashmir with the objective of improving the flow of housing finance at concessional rates to the residents of J&K to help in construction of new dwelling units and repairs, renovation and up-gradation of existing dwelling units.

Under the Scheme, NHB will provide refinance assistance to the Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), and Housing Finance Companies (HFCs) for their housing loans in the state of Jammu & Kashmir. The funds under the scheme will be provided at concessional rates of interest.

9.5.8.3 Refinance assistance for flood affected areas of Tamil Nadu

The refinance assistance will be provided to Housing Finance Companies in respect of their direct housing loans extended in the flood affected areas in the state of Tamil Nadu for reconstruction of existing dwelling units & repairs / renovation / up-gradation of dwelling units. The eligible loan size is up to Rs. 10 lakhs disbursed on or after 01-12-2015 but before June 30, 2016 extended in respect of dwelling units located in flood affected district of Tamil Nadu (declared urban area as per 2011 Census). The Interest rate for refinance currently applicable under the Scheme will be extended at interest rate of 6.50% p.a. fixed rate which shall remain fixed for the entire tenure without reset. The interest rates on individual loans covered under refinance under the refinance assistance should not be more than 8.50% p.a. Disbursements of Rs. 25 crore have been made till January 21, 2016 on a prospective basis.

9.5.9 Resources mobilized during the half year ended 31st December, 2015 (2015-16)

NHB raised both short term and long term resources. Short term resources included issuance of

Commercial Papers (CPs) and Short Term Loans from Banks. Long Term borrowings includes issuance of Rural Housing Fund (RHF), foreign borrowings and Deposits from public under "SUNIDHI" and "SUVRIDDI" term deposit schemes. The net incremental borrowing was Rs. 2,667.01 crore for the six months ended 31.12.2015

The total borrowing outstanding as on 31.12.2015 was Rs. 44,160.60 crore.

No Tax Free Bonds have been issued during 2014-15 and 2015-16 (July-December).

9.5.10 Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)

The Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) was setup by the Government of India on May 01, 2012 with an objective to ensure better flow of institutional credit for housing in urban areas to cater to the needs of the targeted segments (EWS/LIG borrowers). The Credit Risk Guarantee Fund Scheme provides guarantee for all housing loans up to Rs. 8 lakh sanctioned and disbursed by the lending institutions (effective from October 01, 2014), subject to guarantee cover limited upto Rs. 5 lakh only. Prior to this all housing loans up to Rs. 5 lakh were eligible without any collateral security and/or third party guarantee to the new borrowers in the EWS/LIG categories in urban areas for the purpose of home improvement, construction, acquisition and purchase of new or second hand dwelling units of size upto 430 sq ft (40 sq mtr). The Guarantee Cover available under the Scheme is to the extent of 90% of the sanctioned housing loan amount up to Rs. 2 lakh and 85% of the sanctioned loan amount above Rs. 2 lakh.

The major Banks and HFCs have already entered into agreements to implement these initiatives of the GOI. Till December 31, 2015, 62 institutions have signed MoU with the Trust under the Scheme. During the period, the Trust has issued guarantee cover in respect of 1366 loan accounts of 12 Member Lending Institutions (MLIs) involving a total loan amount of Rs. 36.98 crore provided to EWS/LIG households. These MLIs include 8 Scheduled Commercial Banks; 3 Housing Finance Companies and 1 Regional Rural Bank.

9.5.11 NHB-RESIDEX-The Residential Property Price Index

Keeping in view the prominence of housing and real estate as a major area for creation of both physical and financial assets and its contribution in overall national wealth, a need was felt for setting up of a mechanism, which could track the movement of prices in the residential housing segment. National Housing Bank, at the behest of the Ministry of Finance, undertook a pilot study to examine the feasibility of preparing such an index at the National level. The pilot study covered 5 cities viz. Bangalore, Bhopal, Delhi, Kolkata and Mumbai, for which index was constructed till the period 2005 taking 2001 as the Base Year. Based on the results of the pilot study and recommendations of the Technical Advisory Group

(TAG), NHB launched RESIDEX for tracking prices of residential properties in India, in July 2007.

The Index helps the general consumers and property buyers and borrowers in their decision-making by enabling comparisons over time and across cities and localities based on the emerging trends. It provides insights into the property market for the lending agencies in their credit evaluation and assessment of the value (present and potential) of the security against the loan. NHB RESIDEX can be a useful indicator for estimating the value of property to be financed and also for assessing the value of security cover on the outstanding loan. Builders and developers may also benefit from the index by assessing the demand scenario in a locality, and mapping the housing needs in different parts of the country. NHB RESIDEX may be useful to policy makers, banks, housing finance companies, builders, developers, investors and individuals. NHB RESIDEX is being well-received from all the corners of the industry e.g. banks, HFCs, Builders & Developers and Government of India.

NHB RESIDEX tracks the movement in prices of residential properties on a quarterly basis. This is being done since 2007. The latest NHB RESIDEX for the quarter January-March, 2015 covers 26 cities.

The RESIDEX for the quarter January-March, 2015 constructed for 26 cities has taken into account the price trends for residential properties in different locations and zones in each city and is based upon the transaction data received from Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI). The data based on actual transactions are put through a Model that depicts the trend in the market. The RESIDEX is expected to bring greater uniformity and standardisation as well as greater transparency in the valuation of properties across the industry.

With a view to widen the scope of RESIDEX, NHB is exploring the possibility of tie-up with the professional institutions in the similar field. NHB RESIDEX is, at present, in the process of being revamped.

Price Movement for the quarter January-March, 2015 (26 Cities)

The movement in prices of residential properties for the quarter January-March, 2015 has shown marginal increasing trend in seventeen (17) cities ranging from 0.5% in Delhi to 3.1% in Guwahati, and fall in seven (7) cities ranging from -0.5% in Chennai to -2.3% in Chandigarh in comparison to the previous quarter October-December, 2014. Index for 2 cities namely Ahmedabad and Kochi has remained stagnant.

Rising Trend: Residential housing prices in 17 cities have shown increase in prices in this quarter ended March, 2015 (January-March, 2015) over the previous quarter ended December, 2014 (October-December, 2014). Maximum increase was observed in Guwahati (3.1%) followed by Bhopal (2.6%), Surat (2.4%), Hyderabad (2.1%), Indore (2.1%), Patna (1.9%),

Bengaluru (1.8%), Coimbatore (1.7%), Nagpur (1.6%), Pune (1.6%), Dehradun (1.6%), Meerut (1.2%), Raipur (1.2%), Lucknow (1.0%), Faridabad (0.9%), Vijayawada (0.6%), and Delhi (0.5%).

Declining Trend: 7 cities have shown decline in prices over the previous quarter with maximum fall

observed in Chandigarh (-2.3%), followed by Bhubaneswar (-2.1%), Kolkata (-1.4%), Ludhiana (-1.4%), Jaipur (-1.0%), Mumbai (-0.8%), and Chennai (-0.5%).

Index for 2 cities namely Kochi and Ahmedabad has remained stagnant.

Table - NHB RESIDEX Price Movement for the quarter Jan-March, 2015 (26 Cities)

CITIES	2007 Index	Jul-Sep 2012 Index	Oct-Dec 2012 Index	Jan-Mar 2013 Index	Apr-Jun 2013 Index	Jul-Sep 2013 Index	Oct-Dec 2013 Index	Jan-Mar 2014 Index	Apr-Jun 2014 Index	Jul-Sep 2014 Index	Oct-Dec 2014 Index	Jan-Mar 2015 Index
Hyderabad	100	84	90	88	84	88	93	95	95	93	95	97
Faridabad	100	216	205	207	202	204	209	209	211	216	222	224
Patna	100	138	151	152	147	150	159	150	154	153	157	160
Ahmedabad	100	180	191	192	186	191	197	209	213	217	215	215
Chennai	100	312	314	310	303	318	330	349	355	362	366	364
Jaipur	100	85	87	112	110	108	105	101	102	101	103	102
Lucknow	100	175	189	183	187	191	185	194	193	196	198	200
Pune	100	201	205	221	219	219	235	232	241	242	247	251
Surat	100	138	150	140	142	145	154	165	161	160	164	168
Kochi	100	80	87	89	86	86	85	85	86	88	88	88
Bhopal	100	206	216	230	227	220	223	226	229	232	233	239
Kolkata	100	191	209	197	189	199	196	206	211	209	215	212
Mumbai	100	198	217	222	221	222	222	229	233	238	240	238
Bengaluru	100	98	106	109	108	107	111	107	108	109	113	115
Delhi	100	178	195	202	199	190	196	199	193	189	189	190
Bhubaneswar	100	168	172	197	195	193	202	195	196	197	192	188
Guwahati	100	158	166	153	147	149	160	154	159	160	163	168
Ludhiana	100	168	179	167	157	150	150	145	147	146	147	145
Vijayawada	100	181	185	184	174	167	161	160	163	161	162	163
Indore	100	196	194	195	184	180	184	181	187	188	191	195
Chandigarh	100			194	191	192	188	183	175	174	173	169
Coimbatore	100			184	178	178	173	170	176	180	176	179
Dehradun	100			183	184	184	186	191	187	188	187	190
Meerut	100			191	189	176	171	165	159	159	161	163
Nagpur	100			163	168	162	175	180	181	180	184	187
Raipur	100			156	155	157	159	166	166	165	171	173

10. Representation of SCs, STs, OBCs and PWDs.

Representation of SCs, STs, OBCs and Persons with Disabilities (PWDs) in PSBs/ FIs and Insurance Companies is at [Annexure I & II](#) respectively.

11. Priority Sector Lending and Lending to Women and Minorities

11.1 Priority Sector Lending (PSL)

A target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as of preceding March 31st, has been mandated for lending to the priority sector by domestic scheduled commercial banks and foreign banks with 20 branches and above. Within this, sub-targets of 18 percent, 10 percent and 7.5 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as of preceding March 31st, have been mandated for lending to agriculture, weaker sections, and micro enterprises, respectively. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, is prescribed for lending to small and marginal farmers. The sub-targets for small and marginal farmers and micro enterprises are required to be achieved by domestic scheduled commercial banks in a phased manner. Domestic scheduled commercial banks are also required to ensure that their share of lending to non-corporate farmers does not fall below the system wide average of the last three years of direct lending to non-corporate farmers.

For Foreign Banks with 20 branches and above, the total priority sector target and target for lending to agriculture and weaker sections have to be achieved within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018. Foreign banks with 20 branches and above have submitted an action plan for achieving the targets over a specific time frame which has been approved by RBI. The sub-targets for small and marginal farmers and micro enterprises for these banks would be made applicable post 2018 after a review in 2017.

For Foreign Banks with less than 20 branches, a target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as of preceding March 31st has been mandated for lending to the priority sector, which has to be achieved in a phased manner by the year 2020.

The outstanding priority sector advances of PSBs increased from Rs. 16,18,971 crore as on March 31, 2014 to Rs.17,50,893 crore as on March 31, 2015, registering a growth of 8.15 per cent. Advances to agriculture by PSBs amounted to Rs 7,56,234 crore constituting 16.13 percent of ANBC, as on March 31,

2015. Sector-wise break-up of priority sector advances of PSBs, as on March 31, 2015, is given at [Annexure-III](#).

11.2. Economic Empowerment of Women

11.2.1 To help overcome the hurdles faced by women in accessing bank credit and credit plus services, the Government of India had drawn up a 14-point action plan (now 13-point action plan) in the year 2000 for implementation by PSBs. The PSBs were advised to earmark 5 per cent of their ANBC for lending to women. As reported by PSBs, as on March 31, 2015, the amount outstanding towards credit to women was Rs.3,58,040.73 crore, forming 7.61 per cent of ANBC of public sector banks. Particulars of Credit to women, as reported by PSBs are given at [Annexure-IV \(a\)](#), [Annexure-IV \(b\)](#) and [Annexure-IV \(c\)](#).

11.3 Prime Minister's New 15 Point Programme for the Welfare of Minorities

11.3.1 In order to ensure improved financial services for the welfare of minorities, Reserve Bank of India issued a Consolidated Master Circular dated July 1, 2015 to all scheduled commercial banks advising them to take care to see that minority communities secure, in a fair and adequate measure, the benefits flowing from various Government sponsored special programmes. This Master Circular also envisages creating a separate cell in each bank to ensure smooth flow of credit to minority communities and also covers the role of the lead bank in the 121 districts identified for purpose of earmarking of targets and location of development projects under the Prime Minister's New 15 Point Programme for the welfare of minorities.

11.3.2 The following are some of the major instructions/ guidelines issued by RBI vide their latest Master Circular dated July 1, 2015 to all SCBs on "Credit Facilities to Minority Communities" to ensure adequate credit flow to the minority communities:

- A Special Cell should be set up in each bank to ensure smooth flow of credit to minority communities and it should be headed by an officer holding the rank of Deputy General Manager/Assistant General Manager or any other similar rank who should function as a 'Nodal Officer';
- The Lead Bank in each of the minority concentration districts should have an officer who shall exclusively look after the problems regarding the credit flow to minority communities. It shall be his responsibility to publicise among the minority communities various programmes of bank credit and also to prepare suitable schemes for their benefit in collaboration with branch managers;

- The minority communities receive a fair and equitable portion of the credit within the overall target of the priority sector;
- The progress made in regard to the flow of credit to the minority communities should be reviewed regularly at the meetings of the District Consultative Committees (DCCs) and the State Level Bankers Committees (SLBCs);
- There should be good publicity about various anti-poverty programmes of the Government where there is large concentration of minority communities and particularly in the districts which have a concentration of minority communities.

11.3.3 As per progress reported by PSBs, total outstanding loans to minority communities as on March 31, 2015 stood at Rs.3,64,192 crore which works out to 20.80 per cent of total priority sector advances of PSBs.

11.4 Lending to Weaker Sections

11.4.1 As per extant guidelines of Reserve Bank of India (RBI) on Priority Sector Lending (PSL), all Scheduled Commercial Banks (SCBs) including Foreign Banks with 20 and above branches are required to lend 10 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure, whichever is higher, to Weaker Sections.

To achieve inclusive growth, priority sector loans to distressed persons (other than farmers) not exceeding Rs.1,00,000 per borrower to prepay their debt to non-institutional lenders and loans to individual women beneficiaries up to Rs.1,00,000 per borrower are allowed to be categorized under Weaker sections.

The performance of PSBs on lending to Weaker Sections as on March, 2013, 2014 and 2015 is as under:

As at the year ended	Amount outstanding	% to ANBC
March,2013	3,47,352.21	9.83
March,2014	4,33,943.68	10.56
March, 2015	4,88,805.92	10.42

12. Education Loan

In order to realize the demographic dividend of the country, every meritorious student should have access to bank credit to pursue higher education, if they so desire. Indian Banks' Association (IBA) had prepared the Model

Educational Loan Scheme and circulated to banks in the year 2001. The Scheme is for all students including students belonging to the economically weaker sections and those below the poverty line. Indian Nationals who have secured admission to a higher education course in recognised Institutions in India or abroad through an entrance test/merit based selection process are eligible for educational loans under the Scheme.

The Scheme has been modified from time to time keeping in view the changing needs of the students. IBA has vide circular dated 17th August, 2015 revised the existing Model Educational Loan Scheme and circulated to Banks for adopting the scheme. The main features of revised Model Educational Loan Scheme are as under.

- Provision for charging of differential interest rates based on status of collateral, employability and reputation of institutions.
- Relaxation in margin and security for loans guaranteed by NCGTC.
- Extension of repayment period (after moratorium) upto 15 years for all loans.
- Uniform one year moratorium for repayment after completion of studies in all cases.
- Provision for moratorium taking into account spells of unemployment/under-employment, say two or three times during the life cycle of the loan. Moratorium may also be provided for the incubation period if the student wants to take up a start-up venture after graduation.

12.1 Service Area Norms for Education Loans- RBI guidelines

RBI has advised the banks on November 09, 2012 that Service Area Norms are to be followed only in the case of Government Sponsored Schemes as advised in its circular dated December 8, 2004 and are not applicable to sanction of educational loans. Hence, banks have been advised not to reject any educational loan application for reasons that the residence of the borrower does not fall under the bank's service area.

12.2 Performance of Education Loans

The total outstanding education loans of PSBs(PSBs) as on December 31, 2015 stood at Rs. 65,740 crore in 25,44,672 accounts. This reflects increase of Rs.4,564 crore in total outstanding loans over the correspondence period of the last year. In percentage terms it is an increase of 7.45 per cent.

Year-wise break-up of education loans outstanding as on March 31, 2004 to December 31, 2015 is given below:

As on March 31 st	No. of A/c	Amt. O/s (Rs. Crore)	Year on Year Growth
2004	3,19,337	4,550	
2005	4,68,207	6,713	47.54
2006	6,79,945	10,012	49.14
2007	9,44,397	14,283	42.65
2008	12,46,870	19,847	38.75
2009	16,03,385	27,646	39.51
2010	19,28,350	35,628	29.81
2011*	22,37,031	43,074	20.03
2012*	24,60,493	49,069	13.92
2013*	25,09,465	53,520	9.07
2014*	25,72,716	58,256	8.84
2015*	25,68,586	61,967	6.37
December, 2015*	25,44,672	65,740	7.45

Source: IBA *Source: PSBs

Bank-wise (PSBs) details of education loan outstanding as on March 31, 2015 are given at Annexure - V.

12.3 Interest Subsidy Scheme for Educational Loans

Ministry of Human Resource Development had formulated and circulated in May, 2010 to all Scheduled Banks a Central Scheme to provide 'Interest Subsidy' for the period of moratorium on educational loans taken by students of economically weaker sections from scheduled banks under the Educational Loan Scheme of the Indian Banks' Association. The scheme is applicable to the following categories of loans.

- Educational loan disbursed/availed after 1st April, 2009 from Scheduled Banks which follow IBA Model Educational Loan Scheme;
- Students belonging to economically weaker sections, i.e, whose parental income from all sources do not exceed Rs.4.5 lakhs per annum;
- The scheme is applicable starting from academic year 2009-10, disbursement starting on or after 01.04.2009, irrespective of date of sanction;

Year-wise claim details under education loan interest subsidy scheme

Period	No. of Accounts	Amount (Rs. in crore)
2009-10	644299	296.88
2010-11	898320	735.50
2011-12	983586	1198.88
2012-13	1077505	1681.85
2013-14	911792	1540.77
Total	4515502	5453.88

Source: Nodal Bank for the scheme (Canara Bank)

12.4 Interest Subsidy Scheme for Educational Loans

Government has announced an interest waiver scheme that aims to provide benefit to the students who have taken education loan up to 31.3.2009 and which is outstanding as on 31.12.2013. Government bears the liability of outstanding interest as on 31.12.2013, but the borrower has to pay interest for the period after 1.1.2014. A provision of Rs 2600 crore under the scheme was provided. So far banks have claimed Rs 1822.13 crore in respect of 3,62,044 students.

12.5 Skill Loan Scheme

Given a huge thrust on skill development, a need is felt to provide institutional credit to individuals for taking skill development courses aligned to National Occupations Standards and Qualification Packs and leading to a certificate/diploma/degree by the Training Institutes as per National Skill Qualification Framework (NSQF). Ministry of Skill Development and Entrepreneurship, Govt of India has launched a Skill India Mission on 15th July, 2015. The, "Skill Loan Scheme" has been developed to support the national initiatives for skill development.

Skill Loan Scheme aims at providing a loan facility to individuals who intend to take up skill development courses as per the Skilling Loan Eligibility Criteria.

12.6 Vidya Lakshmi Portal

Vidya Lakshmi Portal is a first of its kind portal providing single window for Students to access information and make application for Educational Loans provided by Banks as also Government Scholarships. The Portal has the following features:

- Information about Educational Loan Schemes of Banks;
- Common Educational Loan Application Form for Students;
- Facility to apply to multiple Banks for Educational Loans;
- Facility for Banks to download Students' Loan Applications;
- Facility for Banks to upload loan processing status;
- Facility for Students to email grievances/queries relating to Educational Loans to Banks;
- Dashboard facility for Students to view status of their loan application and
- Linkage to National Scholarship Portal for information and application for
- Government Scholarships.

Banks have been requested to give wide publicity to this Portal so that students wanting education loans can apply for it and indicate their bank of choice.

13. Vigilance

13.1 Vigilance Machinery in Department of Financial Services

Department of Financial Services is the administrative department for Public Sector Banks (PSBs), FIs (FIs) and Public Sector Insurance Companies (PSICs). A Joint Secretary level officer has been designated as Chief Vigilance Officer of the Department. She is assisted by a Director (Vig.) and Under Secretary (Vig.) in the discharge of her functions. The Vigilance Section in the DFS deals with, inter alia, the following issues pertaining to PSBs, FIs and PSICs:-

13.1.1 Vigilance matters of all Public Sector Banks/ FIs/ Insurance Companies/and RBI

- a) Consultation with CVC/CTE/CBI on matters relating to complaints, clearance, sanction of prosecution and any other matter of the Board level appointees.
- b) Appointment of CVOs in PSBs, FIs and PSICs.

13.1.2 CVC/CBI/Vigilance references relating to

- a) All officials in the Department of Financial Services.
- b) Government appointees in DRTs/ DRATs.
- c) Members and Chairman in of BIFR and AAIFR.
- d) Officers of Custodian's office, BIFR and AAIFR.

13.2 Organisation under Vigilance Section

13.2.1 Office of Special Court

The Special Court (Trial of offences relating to Transactions in Securities) Act, 1992 came into force on 06.06.1992. The Act was necessitated by reasons of the unprecedented situation wherein very large amount of public monies had been siphoned off into private pockets. The legislature sought to set up a Special Court through this Act for (a) speedy trial of offences (b) immediate attachment and freezing of all assets of parties suspected to be involved in the scam and (c) a reasonable and equitable distribution of the property.

The Special Court has been sanctioned four posts of judges. To support their day to day functioning, the office of the Special Court functions with a staff of 51 officials at various levels. These are renewed on a year-to-year basis by Ministry of Finance, DFS with the approval of IFA. Details of cases filed, disposed off for the last four years are given below:

Year	Filed	Disposed
2012	318	364
2013	177	308
2014	149	217
2015	165	167

Further, the Special Court has stated that the total number of Pending Matters as on 31.12.2015 is 184 which include Suits – 20 and Special Cases (Criminal) – 07.

13.2.2 Office of the Custodian

To help the Custodian in discharging the duties under the Special Court (TORTS) Act, 1992, at present there are three offices – with headquarters at New Delhi, office at Mumbai mainly attending to the Court matters on day to day basis and third one at Bangalore mainly to deal with matter relating to Fair growth Financial Services Ltd (FFSL) & Fair Growth Investment Ltd (FGIL), Bangalore based notified firms. Office of the Custodian has been sanctioned 29 posts including Custodian and two posts of Directors. These are renewed on a year-to-year basis by Ministry of Finance, DFS with the approval of IFA.

Since inception a total of 12915 cases were filed in the Special Court, which were defended/contested by the Custodian and 12738 cases have been disposed of by the Special Court, leaving a balance of 177 cases as on 31st December, 2015. Similarly a total of 479 appeals were filed in the Supreme Court, of which 436 cases have been disposed of, leaving 43 cases pending. As on 31st December, 2015, while the outstanding liabilities of notified parties totaled to Rs. 31419.27 crore, the assets were only to the tune of Rs. 2129.59 crore. Till 31st December 2015, Rs. 6415.49 crore has been recovered by the Custodian, out of which, Rs. 5644.97 crore has been distributed to Income Tax Department, Banks etc. and Rs. 770.52 crore is available for further distribution. Out of a total of 22.48 crore attached shares, 16.31 crore shares have been sold and a sum of Rs. 3307.93 crore realized. Of the remaining 6.17 crore shares, 1.77 crore are traded shares and 4.40 crore are untraded shares with current value of Rs. 1154.72 crore. A total of 179 immovable properties of notified parties had been attached by the Custodian, out of which, 146 have been disposed, to realize a value of Rs. 171 crore. Rs. 5.96 crore has been realized by sale of 171 jewellery items through Customs department and Rs. 19.08 lakh by sale of gold items through SBI. Cash balance in the attached accounts and fixed deposits of notified parties as on 31st December 2015 is Rs. 770.50 crore.

13.3 Performance

- a) The Vigilance Division of the Department monitors the progress on disposal of complaints

received from various sources and pendency of disciplinary / vigilance cases regularly and meeting with CVOs is undertaken in this Department at appropriate intervals.

- b) During the period of 01.01.2015 to 31.12.2015 a total no. of 205 CVC references have been received out of which 100 cases have been disposed off.
- c) During the period of 01.01.2015 to 31.12.2015 a total no. of 4 CVOs have been appointed in PSBs/PSICs/FIs.
- d) Instructions have been issued from time to time as and when any gap in the system is observed to strengthen the preventive vigilance in these organisations.

13.4 The Vigilance Awareness Week was observed from 26th Oct., 2015 to 31st Oct., 2015. A pledge was administered by the Secretary (Financial Services) on 26.10.2015 to the officers of the Department. CVC also addressed talk on preventive vigilance to all Government Nominee Directors (GNDs)/Officers of DFS on 26th October, 2015. In this connection a CD containing circulars/instructions/Manuals as on vigilance matters issued by CVC and DFS was also released by the Hon'ble Finance Minister on 27th October, 2015.

13.5 A Committee under Chairmanship of Secretary(FS) has been constituted with representatives of CBI, Serious Fraud Investigation Office (SFIO), Central Economic Intelligence Bureau (CEIB), Enforcement Directorate (ED) and RBI to monitor large value bank frauds.

13.6 An web-based portal is being used to monitor vigilance related matters in PSBs/PSICs/FIs.

14. Insurance Sector

14.1 Insurance in India

Insurance, being an integral part of the financial sector, plays a significant role in India's economy. Apart from protecting against mortality, property and casualty risks and providing a safety net for individuals and enterprises in urban and rural areas, the insurance sector encourages savings and provides long-term funds for infrastructure development and other long gestation projects of the Nation. The development of the insurance sector in India is necessary to support its continued economic transformation.

14.2 The Insurance Division of the Department of Financial Services

The Insurance Division deals with policy and legislative matters as well as monitoring of the performance of both life and nonlife insurance segments of the public sector insurance industry. It is

also the administrative division for the Insurance Regulatory and Development Authority of India (IRDAI). The name 'Insurance Regulatory and Development Authority' was changed to 'Insurance Regulatory and Development Authority of India' through the Insurance Laws (Amendment) Act, 2015).

14.3 The Public Sector Insurance Companies operating in the sector are as follows.

- a) Life Insurance Corporation of India
- b) National Insurance Company Limited
- c) Oriental insurance Company Limited
- d) United India Insurance Company Limited
- e) New India Assurance Company Limited
- f) General Insurance Corporation of India Limited (National Re-Insurer)
- g) Agriculture Insurance Company of India Limited (Company floated by Non Life Public Sector insurance companies along with NABARD)
- h) ECGC Limited (Government of India enterprise for export credit guarantee)

14.4 Legislative Framework governing the Insurance Sector

The Insurance Division is responsible for policy formulation and administration of the following Acts:

- a) The Insurance Act 1938
- b) The Life Insurance Corporation Act 1956
- c) The General Insurance Business (Nationalisation) Act, 1972
- d) The IRDA Act, 1999
- e) The Actuaries Act 2006
- f) The Securities and Insurance Laws (Amendment and Validation) Act, 2010.

The Government promulgated an Ordinance namely - the Insurance Laws (Amendment) Ordinance, 2014 on 26th December, 2014 to make amendments to the Insurance Act, 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999 in accordance with the Insurance Laws (Amendment) Bill 2008 as reported by the Select Committee of the Rajya Sabha. The Ordinance was replaced by the Insurance Laws (Amendment) Act, 2015. With the coming into force of the Insurance Laws (Amendment) Act, 2015, the foreign investment cap in an Indian Insurance Company has gone up from 26 to 49% with the safeguard of Indian ownership and control.

14.5 The Insurance Division of the Department is also responsible for

- a) Monitoring of the performance of the public sector insurance companies.
- b) Framing of rules and regulations in respect of service conditions of employees of the public sector insurance companies.
- c) Co-ordination of vigilance activities in the public sector insurance industry.
- d) Appointment of Chief Executives and Directors on the boards of public sector insurance companies and Chairman and Members of the IRDA.
- e) Administration of the Aam Aadmi Bima Yojana.

14.6 Reforms in the Insurance Sector

The insurance sector was opened up for private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. The IRDAI at present consists of the Chairman, 4 full-time members and 4 part-time members. The Authority is functioning from its Head Office at Hyderabad, Telangana. The core functions of the Authority include (i) licensing/registration of insurers and insurance intermediaries; (ii) financial and regulatory supervision; (iii) regulation of premium rates; and (iv) protection of the interests of the policyholders. With a view to facilitating development of the insurance sector, the Authority has issued regulations on protection of the interests of policyholders; obligations towards the rural and social sectors; micro insurance and registration of agents, licencing/registration of corporate agents, brokers and third party administrators. IRDAI has also laid down the regulatory framework for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.

14.7 New entrants in the insurance industry

Since its opening up in 2000 the number of participants in the Insurance industry has gone up from seven insurers (including the Life Insurance Corporation of India [LIC], four public-sector general insurers, one specialized insurer, and the General Insurance Corporation as the national re-insurer) in 2000 to fifty three insurers as on 31st March 2015 operating in the life, non-life, and re-insurance segments (including specialized insurers, namely Export Credit Guarantee Corporation and Agricultural Insurance Company [AIC]). Five of the general insurance companies, namely Star Health and Alliance Insurance Company, Apollo Munich Health Insurance Company, Max BUPA Health Insurance Company, Religare Health Insurance Company and Cigna TTK Health Insurance Company function as standalone health insurance companies. Of the twenty three private

insurance companies that have set up operations in the life segment post opening up of the sector twenty are in joint venture with foreign partners. Of the twenty two private insurers who have commenced operations in the non-life segment, eighteen are in joint venture with foreign partners.

The Authority received R1 application during June, 2015 seeking registration from Aditya Birla Health Insurance Co. Ltd. as a Standalone Health Insurance Company which is considered by the Authority in November, 2015 subject to the applicant company fulfilling certain requirements. This is the first application received from an applicant in the standalone health insurance business space seeking Certificate of Registration from the Authority after notification of the Insurance Laws (Amendment) Act, 2015, increasing the Foreign Equity participation to 49%.

Foreign Investment Promotion Board (FIPB) in Department of Economic Affairs (DEA) receives proposals of Foreign Investment in various sectors in India. As per the extant provisions, foreign investment in Insurance Companies is permitted up to 49%. Investment up to 26% is under automatic route and beyond 26% and upto 49% requires Government approval. Proposals pertaining to Foreign Investment beyond 26% and upto 49% in Insurance Sector are referred by DEA to Department of Financial Services (DFS) for examination. DFS examines the proposals related to insurance companies in consultation with IRDAI and accordingly, recommendations/views are conveyed to FIPB which takes final decision on the proposals. As on 29th February, 2016, foreign investment proposals of six insurance companies have been approved by FIPB involving a total quantum of Rs. 2,566.26 Crores.

14.8 Industry Statistics**(a) Life insurance industry**

The post liberalization period has been witness to tremendous growth in the insurance industry, more particularly in the life segment. The first year premium is a measure of new business procured/underwritten by the life insurers. During 2014-15 this was Rs.113327.95 crores compared to Rs.120325.22 crore in 2013-14 registering a decline of 5.82% against a growth of 12.08% during the year 2013-14. In terms of linked and non-linked business during the year 2014-15, 11.71 per cent of the first year premium was underwritten in the linked segment while 88.29 per cent of the business was in non-linked segment as against 7.16 per cent and 92.84 per cent in the previous year. The total premium, which includes first year premium and renewal premium during 2014-15, was Rs.328101.14 crore as compared to Rs.314301.66 crore in 2013-14 registering a growth of 4.39 per cent against a growth of 9.44 per cent in the previous year. In terms of linked and non-linked business during the year 2014-15,

12.68 per cent of the total premium was procured in the linked segment while 87.32 per cent of the business was in non-linked segment as against 11.95 per cent and 88.05 in the previous year.

Of the new business premium underwritten, LIC accounted for Rs.78507.72 crore (69.27 per cent market share) and the private insurers accounted for Rs.34820.23 crore (30.73 percent market share). The market share of these insurers was 75.47 per cent and 24.53 per cent respectively during the year 2013-14.

14.9 Non-life insurance industry

The non-life insurers had underwritten gross direct premium of Rs.87151 crore in 2014-15, as against Rs.79934 crore in 2013-14 registering a growth of 9.03 per cent. This premium includes the business done outside India by the public sector insurers. The net premium for the financial year 2014-15 was Rs.71295 crore as against Rs.64887 crore in the year 2013-14.

The private sector (including standalone health insurers) had underwritten Rs.38033 crore as against Rs.34225 crore in the previous year achieving a growth rate of 11.13 per cent whereas the public sector (including specialized insurers) had underwritten premium of Rs.49119 crore as against Rs.45679 crore in the previous year with a growth rate of 7.53 per cent. The market share of the public and private insurers stood at 56.36 and 43.64 per cent during the year 2014-15 as against 57.17 and 42.83 respectively in 2013-14.

One of the benefits of opening up of the insurance sector has been the extension of health cover to a wider cross-section of the society. Health premium accounted for 26.06 per cent (Rs.22715 crore) of the gross direct premium of the non-life insurance industry (including standalone health insurance companies) in 2014-15 as against 24.61 per cent (Rs.19670 crore) in 2013-14. Health insurance is one of the fastest growing segments in the non-life insurance industry in recent years, and has grown 15.48 per cent during 2014-15. At the time of opening up of the sector in 2000-01, the health premium was Rs.519 crore, viz., 5.29 per cent of the gross premium underwritten. It has grown to Rs.22,715 in 2014-15 which includes standalone health insurers premium of Rs. 2,943 crore in 2014-15 as against Rs.2,245 crore in 2013-14.

14.10 From Jan Dhan to Jan Suraksha

For creating a universal social security system for all Indians, especially the poor and the under-privileged the Hon'ble Prime Minister launched three Social Security Schemes in the Insurance and Pension sectors; namely the Pradhan Mantri Suraksha Bima Yojna, the Pradhan Mantri Jeevan Jyoti Bima Yojana and the Atal Pension Yojana on pan India basis on the 9th of May, 2015. Salient features of the two schemes related to Insurance are

given below:

- a) Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) – The PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join / enable auto-debit. Aadhar would be the primary KYC for the bank account. The life cover of Rs. 2 lakhs shall be for the one year period stretching from 1st June to 31st May and will be renewable. Risk coverage under this scheme is for Rs. 2 Lakh in case of death of the insured, due to any reason. The premium is Rs. 330 per annum which is to be auto-debited in one instalment from the subscriber's bank account as per the option given by him on or before 31st May of each annual coverage period under the scheme. The scheme is being offered by Life Insurance Corporation and all other life insurers who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose. The last date for enrolment under PMJJBY (without self- certificate of good health) is further extended from 30.11.2015 to 31.05.2016).

By 15th February, 2016, Cumulative Gross enrolment reported by Banks is over 2.94 Crore under PMJJBY.16786 Claims were registered under PMJJBY till 15th February, 2016 out of which 13427 have been disbursed.

- b) Pradhan Mantri Suraksha Bima Yojana (PMSBY) –The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhar would be the primary KYC for the bank account. The risk coverage under the scheme is Rs. 2 lakh for accidental death or total permanent disability and Rs. 1 lakh for partial permanent disability. The premium of Rs. 12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one instalment. The scheme is being offered by Public Sector General Insurance Companies and all other non-life insurers who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose. The last date for enrolment under PMSBY has also been extended beyond 30.11.2015. It is pertinent that there is no requirement of any certificate of good health in PMSBY.

By 15th February, 2016, Cumulative Gross enrolment reported by Banks is over 9.34 Crore under PMSBY. 3346 Claims were registered under PMSBY till 15th February, 2016 out of which 1903 have been disbursed.

14.11 Penetration and Density

The potential and performance of the insurance sector is being generally assessed in the context of two parameters, viz., Insurance Penetration and Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP). Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in US\$ for convenience of comparison).

The insurance penetration was 2.32 (Life 1.77 and Non-life 0.55) in the year 2000 when the sector was opened up for private sector, and has increased to 3.3 in 2014 (Life 2.6 and Non-life 0.7). Insurance Penetration in some of the emerging economies in Asia, i.e., Malaysia, Thailand and China during the same period i.e. 2014 was 4.80, 5.8 and 3.2 respectively. The insurance density in India was US\$9.9 in 2000 which has increased to US\$55 in 2014 (Life 44 and Non-life 11). The comparative figures for Malaysia, Thailand and China during the same period i.e. 2014 were US\$524, US\$323 and US\$235 respectively.

14.12 Investments of the Insurance sector

As on 31st March, 2015 the accumulated total investments held by the insurance sector was Rs.24,08,236 crore. During 2014-15, Assets under Management (AUM) had grown by 14.83 per cent. Life insurers continue to contribute a major share with around 93.33 per cent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 78.48 per cent in total investments though investments by private sector insurers are growing at a fast pace in recent years.

14.13 Rural and Social Sector Business

The life insurers underwrote 65.34 lakh policies in the rural sector, viz., 25.3 per cent of the new individual policies underwritten (258.74 lakh policies) by them in 2014-15. LIC underwrote 25.65 per cent of the new individual policies and private insurers underwrote 23.9 per cent of the new individual policies in the rural sector. LIC covered 205.96 lakh lives and private insurers covered 97.40 lakh lives in the social sector.

All the non-life insurers underwrote gross direct premium of Rs.9602 crore in the rural sector, viz., 11.97 per cent of the gross direct premium underwritten (Rs.80,243 crore) by them in 2014-15. Public sector insurers underwrote 11.96 per cent of their gross direct premium and private insurers underwrote 11.98 per cent in the rural sector. In the social sector 2,832.62 lakh lives were covered during the year 2014-15. The contribution of private sector was 262.03 lakh lives and public sector accounted for 2570.53 lakh lives. The insurance companies are by and large fulfilling the obligations in the rural and social sectors.

14.14 Micro insurance

In order to facilitate penetration of micro insurance to the lower income segments of population, IRDAI has formulated the micro insurance regulations. Micro Insurance Regulations, 2005 provide a platform to distribute insurance products, which are affordable to the rural and urban poor and to enable micro insurance to be an integral part of the country's wider insurance system. The main thrust of micro insurance regulations is protection of low income people with affordable insurance products to help them cope with and recover from common risks with standardized popular insurance products adhering to certain levels of cover, premium and benefit standards. These regulations have allowed Non Government Organizations (NGOs) and Self Help Groups (SHGs) to act as agents to insurance companies in marketing the micro insurance products and have also allowed both life and non-life insurers to promote combi-micro insurance products. The Authority having reviewed the Micro Insurance Regulations, 2005 comprehensively, notified Micro Insurance Regulations, 2015. It has the following important improvements.

- Expanding the definition of who can be a Micro Insurance Agent to include Business Correspondents of scheduled commercial banks, District Cooperative Banks, Regional Rural Banks, Urban co-operative banks, Primary Agricultural Cooperative Societies, Other Cooperative Societies, RBI regulated NBFC – MFIs.
- In addition to One Life Insurance Company and one General Insurance Company, a Micro Insurance Agent may work with Agriculture Insurance Company of India Ltd and with one standalone health insurance company.
- Enhancement of maximum cover to Rs 2 lakh to qualify as MI in Life and Health Insurance, Rs 1 lac in dwelling, livestock, crop insurance.
- Other Product related improvements : Guaranteed Surrender Value (after 3 years) if at least one Yearly Premium is paid, Allowing the flexible premium payment options, Allowing remittances of premiums in advance, Allotment of lapsed policies of terminated agents to another MI agent.
- Market Conduct related prescriptions: MI Agents shall issue acknowledgements on collection of premiums and Insurers are accountable to premium collections of MI Agents, Agents responsibility for Claim intimation, settlement.
- Making available Policy documents in the languages recognised under constitution.

Micro insurance regulations issued by the IRDAI have provided the necessary impetus in promoting insurance to the lower income segments including rural sector. There were 20,855 micro insurance agents operating in the micro insurance sector at the end of 2014-15 (as against 20,057 agents in 2013-14). In micro-insurance-life, the individual new business premium in the year was Rs.28.89 crore through 8.16 lakh policies (as against Rs.95.65 crore under 27.67 lakh policies in 2013-14) and the group business amounted to Rs.315.60 crore premium for 231.28 lakh lives (as against Rs.141.77 crore for 131.79 lakh lives in 2013-14). Individual death claims paid under micro insurance portfolio for the year 2014-15 amounted to Rs. 21.58 crore on 13,138 policies (as against Rs. 23.63 crore on 15,610 policies in 2013-14) and in the group category Rs. 426.62 crore was paid as death claims on 1,33,268 lives (as against Rs.447.98 crore on 1,42,117 lives in 2013-14).

14.15 Recent Initiatives taken by IRDA

Recent initiatives taken by the Authority in the insurance sector include:

- IRDA Notice on Spurious Phone Calls made mandatory in all Insurance Advertisements.
- Guidelines on Company Trade-logo Agreements issued.
- Relaxation in claim processing of Lender Borrower group schemes.
- In order to further improve the penetration of insurance by encouraging young entrepreneurs and also industry veterans to take up insurance distribution, the Authority has notified IRDA (Licensing of Insurance Marketing Firm) Regulations, 2014. This will encourage small players to distribute products of multiple insurers as specified in the regulations.

14.16 Health Insurance

Standardized common definitions have been released in health insurance sector and comprehensive regulations for health insurance business have been put in place. The regulations are aimed to protect the interests of policyholders by seeking to bring about greater transparency, simplicity and standardization. These include building of a data repository, standardization of formats, definition of pre-existing disease, extending health insurance enrollment to cover senior citizens up to the age of at least 65 years, providing for separate grievance redressal mechanism for senior citizens and insurance portability.

During 2014-15 the Government has notified Insurance Laws (Amendment) Act, 2015 wherein health insurance was classified as one of the classes of the business. Section (6) (c) of the Act defined health

insurance business as 'effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover'. It is an important milestone to recognize health insurance as a standalone class as it will lead to more number of players likely to enter this field as standalone health insurers.

The number of health insurance products available to the public has gone up significantly from around 10 in the Year 2000 to around 500 in the Year 2014-15.

Various Insurers have introduced products which cover persons with HIV, diabetes, cancer, mental illness, infertility etc. Products providing daily hospital cash, ambulatory services, tele-advice, non-allopathic medicines, outpatient consultation, diagnostic services, policies exclusively for sr. citizens, etc have been introduced.

14.17 Data Standards

The Authority had embarked on the task of compiling the data standards to facilitate easy interfacing of IT systems of multiple entities in the insurance sector. The data standards bring about common definitions for the information exchange. This helps in easy interfacing of multiple systems both within and outside an organization.

In order to support the Insurance Repository System, standard Extensible Mark up Language (XML) schema consisting of the field definitions, field properties and message content was earlier shared for exchange of data between multiple players for the Life Segment. Similarly, schemas have been finalized to support the needs of 'Health' and 'Motor' lines of business. These schemas would support the 'individual lines' of Non-life insurance transactions in the Insurance Repository System. Schemas would soon be devised to support other lines of Non-life business so as to enable the complete on-boarding of the Non-life insurers onto the Insurance Repository system.

14.18 Policyholder's Protection

A very important aspect of policyholder's protection is consumer education and effective grievance redressal. A number of initiatives have been taken by the IRDAI in this direction.

- Inexpensive, effective and speedy mechanisms for disposal of grievances set up.
- Specific timeframes and turnaround times (TATs) specified.
- Integrated Grievance Management System (IGMS).

- Created Central Repository of industry-wide complaints of policyholders.
- Grievance Call Centre for registering complaints over phone.
- Consumer education through multi-pronged approach under the Bima Bemisaal banner.
- Newspaper advertisements, Publication of Handbooks.
- Television/Radio advertisements, Animation films
- Consumer Education Website (www.policyholder.gov.in).
- Conducting Annual Seminars.
- Sponsoring seminars by consumer bodies.

14.19 Consumer education initiatives during the FY 2014-15 under the Bima Bemisaal brand

- All insurers were asked to have a Board approved Insurance Awareness Policy for taking up consumer awareness and education initiatives on their own.
- In order to impart basic insurance knowledge to citizens, published handbooks on 'Introduction to Insurance', 'A Handbook on Insurance', 'Employment opportunities in insurance sector' and 'Crop Insurance'.
- Launched E-Books on 'Introduction to Insurance', 'A Handbook on Insurance', 'Employment opportunities in insurance sector' targeting students.
- Undertook electronic and print media campaigns for educating the general public against spurious callers and promoting the habit of right insurance buying amongst the masses.
- Launched Facebook & Youtube pages to leverage the platform provided by the social media for spreading insurance awareness.
- Carried out insurance awareness campaign through Delhi Metro Trains, Delhi Metro Stations and outside the Delhi Metro Stations.
- Focused Insurance Awareness Campaign was launched in the State of Tripura in collaboration with Government of Tripura.
- Conducted 2nd Pan India Insurance Quiz Competition for the insurance industry.
- Playing an active role as a member of Core Committee of National Centre for Financial Education, an institution, jointly formed by all financial sector regulators in India for implementation of the National Strategy for Financial Education.

14.20 Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT)

The Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) (AML/CFT) guidelines for the insurance sector were issued in March, 2006. The sector entered into the ninth year of an effective AML/CFT regime in 2014-15. IRDAI works closely with various departments of the Ministry/agencies in the implementation of AML/CFT guidelines and has initiated various measures towards effective accomplishment of the AML/CFT guidelines in the insurance sector.

14.21 Life Insurance Corporation of India (LIC)

LIC of India was incorporated on 1st September, 1956 by amalgamating 243 Companies by the Act of Parliament called Insurance Act, 1956. LIC is governed by the Insurance Act 1938, LIC Act 1956, LIC Regulations 1959 and Insurance Regulatory and Development Authority Act 1999. As on 31st March, 2015, LIC has 8 Zonal Offices, 113 Divisional Offices, 2048 Branch Offices, 73 Customer Zones, 1381 Satellite Offices and 1245 Mini Offices in India.

The Corporation has Branch Offices in Fiji, Mauritius and United Kingdom. It also operates through Joint Venture (JV) Companies in overseas Insurance Market, namely Life Insurance Corporation (International) B.S.C.(c), registered in Manama (Bahrain); Kenindia Assurance Company Ltd. registered in Nairobi; Life Insurance Corporation (Nepal) Ltd. registered in Kathmandu; Life Insurance Corporation (Lanka) Ltd. registered in Colombo and Saudi Indian Company for Co-operative Insurance (SICCI) registered in Riyadh. A Wholly owned subsidiary, Life Insurance Corporation (Singapore) Pte Ltd. has been established on 30.4.2012. Among the above two joint ventures (JVs), Kenindia Assurance Co. Ltd., Nairobi, Kenya and Saudi Indian Company for Co-operative Insurance (SICCI), Riyadh, Kingdom of Saudi Arabia are composite companies transacting life and non-life business; and two JVs, LIC (Nepal) Ltd. & SICCI are listed on their respective Stock Exchanges.

14.21.1 Performance during the year 2014-15

- LIC of India procured Rs 78,302.64 crore First Year Premium (FYP) under 2,01,71,063 policies and registered 13.62 % de-growth in FYP & a de-growth of 41.55 % in Number of Policies as at 31st March 2015. The market share of the Corporation in FYP is 69.21% (LY- 75.33%) and 77.85% (LY- 84.44%) in Number of Policies.
- The Total Premium Income of the Corporation for the financial year (FY) ending 31st March, 2015 is Rs 2,39,482.77 crore. Gross investments of the Corporation for FY 2014-15 stand at Rs 3,10,735.61crore and the total investments as

on 31/3/2015 stand at 19,46,249.32 crore. The Conservation Ratio has improved to more than 92% as against 90.76% and Overall Expenses Ratio has decreased to 15.65% from 17.08% last year (ratio recalculated from 15.61% to 17.08% due to regrouping of ST and education cess on ST in expenses).

- The Corporation recruited 1,61,591 Agents during the fiscal 2014-15 and the number of Agents as on 31.03.2015 stood at 11,63,604.
- During the fiscal 2014-15, the First Insurance of the Corporation stood at 89.70 % in Number of Policies. Similarly, Rural Insurance of the Corporation was 25.65 % in Number of Policies.
- LIC has settled 222.17 lakh Maturity Claims having paid Rs. 79,365.71 crore. Similarly 10.15 lakh Death claims have been settled for an amount of Rs. 11092.45 crore. The percentage of claims outstanding to claims payable as on 31/3/2015 stands at 0.23%.

14.21.2 Financial Inclusion

Sustained and conscious efforts are made to carry the message of Life Insurance to the rural areas, especially the backward and remote areas. As part of Financial Inclusion, during 2013-14 LIC has opened 1245 Mini Offices in unrepresented towns of India having a population of 10,000 or more. Mini Offices entertain policy service requests from customers and collect premium.

14.21.3 Grievance Redressal

The Corporation has Grievance Redressal Officers at Branch/ Divisional/ Zonal/ Central Office to redress grievances of customers. Their names and time of availability are published in newspapers with wide circulation from time to time and also available on our website. The spirit of customer relations and customer care has been ingrained in our complaint redressal system with emphasis on placing customer oriented personnel at all touch points. IT enabled support system has been operationalized to reduce manual interventions and minimize grievances.

The claimants not satisfied with the decision of repudiation of death claim have the option to appeal for review to Zonal Office Claims Dispute Redressal Committee or Central Office Claims Dispute Redressal Committee. A retired District Judge / High Court Judge is a member of each of the Claims Dispute Redressal Committees. For redressal of grievances, the policyholder / claimant can approach Insurance Ombudsman. The Ombudsman functions within a set geographical jurisdiction and can entertain disputes relating to partial / total repudiation of claims, delay in settlement of claims, any dispute on the legal construction of the policies in so

far as such disputes relate to claims, disputes regarding premium paid or payable in terms of the policy and non-issuance of insurance documents. Ombudsman Offices are located at Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Patna and Pune.

For ensuring quick redressal of customer grievances the Corporation has introduced Customer friendly Integrated Complaint Management System through our Customer Portal (website) which is <http://www.licindia.in>, where a registered policy holder can directly register complaint/ grievance and track its status. Customers can also contact at e-mail co_crmgrv@licindia.com for redressal of any grievances.

14.22 Social Security Schemes

a) Aam Admi Bima Yojana (AABY)

The Aam Admi Bima Yojana (AABY) has come into effect from 01.01.2013, as per Ministry of Finance letter F.No.I-3011/6/2009 by merger of erstwhile Janashree Bima Yojana (JBY) & Aam Admi Bima Yojana (AABY). The Scheme provides life insurance protection to the rural & urban persons living below poverty line or marginally above poverty line. Persons between age 18 years and 59 years and who are the members of the identified 48 occupational groups are eligible to be covered under this scheme. The Scheme provides coverage of Rs.30,000/- on natural death. On death/ total permanent disability due to accident, the benefit is Rs.75,000/-. On partial permanent disability due to accident, the benefit is Rs.37,500/-. The premium for the scheme is Rs.200/- per member per annum, 50 per cent of which is contributed by the member and/ or State Govt. and/or Nodal Agency and remaining 50 per cent is drawn as subsidy from the Social Security Fund constituted by Government of India & maintained by LIC of India. Scholarship as a free add-on benefit is also provided to a maximum of two children of the beneficiary studying between 9th to 12th standard (including ITI courses) @ Rs.100/- per month for each child payable half yearly on 1st July and 1st January, each year.

As on 31st March 2015, about 4.32 Cr. people have been covered under AABY Scheme and about 32 lakh lives were covered under Social Security Group Schemes (SSGS - closed). During the financial year (2014-15), 30,41,921 scholarships were disbursed to beneficiaries for an amount of Rs. 274 Cr. & an amount of Rs 414.43 Cr. has been paid towards total number of 1,27,803 claims under all Social Security Schemes.

b) PMJDY Scheme

Pradhan Mantri Jan Dhan Yojana was launched on 28.08.2014. Under this scheme Bank accounts were opened and benefits were given to the account holders.

One of the benefits is providing the Life Insurance cover of Rs 30,000/- for the Natural Death only through Life Insurance Corporation of India. There is also a benefit of Accident Insurance Cover of Rs 1 lac, provided by Government through General Insurance Companies.

For availing the Life insurance coverage of Rs 30000/- * on death arising out of any cause under this scheme, a Person should be between 18 to 59 years of age and he/ she should have been enrolled under PMJDY between 15.08.2014 to 31.01.2015 & should be holder of a valid and in force RuPay Card. As on 31st March 2015, 60 lac members were covered under PMJDY and during the financial year (2014-15), an amount of Rs 21 lacs has been paid towards total number of 70 claims.

(* Subject to Govt guidelines and eligibility criteria provided)

c) Atal Pension Yojana

The Government of India in order to provide retirement saving product at an affordable cost in the unorganised sector has been making an effort to offer such product from time to time. In this regard, Swavalamban Scheme was launched in 2010-11. However, as there was no clarity of benefits after retirement under the Swavalamban Scheme, the coverage under this scheme was inadequate. To address this concern, the Government announced a new initiative called Atal Pension Yojana (APY) in his Budget Speech for 2015-16 and which was formally launched by Honorable Prime Minister of India on 9th May 2015. The APY is primarily focused on all citizens in the unorganised sector, who join the National Pension System (NPS) administered by the Pension Fund Regulatory and Development Authority (PFRDA). However, all citizens of the country in the eligible category may join the scheme. Under the APY, the subscribers would receive the guaranteed minimum pension of Rs.1000 per month or Rs.2000 per month or Rs.3000 per month or Rs.4000 per month or Rs.5000 per month, at the age of 60 year, depending on their contributions, which itself would be based on the age of joining the APY. The minimum age of joining APY is 18 years and maximum age is 40 years. Therefore, minimum period of contribution by any subscriber under APY would be 20 years or more. The APY has been implemented from 1st June, 2015. The Central Government co-contributes 50% of the total contribution subject to a maximum of Rs. 1000 per annum, to each eligible subscriber's account, for a period of 5 years, i.e., from Financial Year 2015-16 to 2019-20, who join the APY between the period 1st June, 2015 and 31st March 2016 and who are not members of any statutory social security scheme and who are not income tax payers. The APY has a total of about 18 lakh subscribers and corpus of Rs. 262 crore as on 31st

December 2015. As on 31st December, 2015, 351 Banks are registered as APY – Service Providers which include Public Sector Banks, Private Banks, Foreign Banks, Regional Rural Banks, District Commercial Banks, Schedule Commercial Banks, Urban Commercial Banks and Department of Post. Fresh / new registration under NPS-Lite/ Swavalamban scheme have been discontinued from 1st April 2015.

d) National Pension System

With a view to providing adequate retirement income on cost-effective basis, the National Pension System (NPS) has been introduced by the Government of India. It has been made mandatory for all new recruits to the Government (except armed forces) with effect from 1st January, 2004 and has also been rolled out for all citizens with effect from 1st May, 2009 on a voluntary basis. The features of the NPS design are self-sustainability, portability and scalability. Based on individual choice, it is envisaged as a low-cost and efficient pension system backed by sound regulation. As a pure “defined contribution” product, returns would be totally market driven. The NPS provides various investment options and choices to individuals to switch over from one option to another or from one fund manager to another, subject to certain regulatory restriction.

The NPS architecture is transparent and web-enabled. It allows a subscriber to monitor his/her investments and returns. The facility for seamless portability is designed to enable subscribers to maintain a single pension account throughout the saving period.

PFRDA set up as a regulatory body for the pension sector, is engaged in consolidating the initiatives taken so far regarding the full NPS architecture and expanding the reach of NPS distribution network. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including institutional entities as Points of Presence (POPs) that will serve as pension account opening and collection centres, a Centralised Recordkeeping Agency (CRA) and Pension Fund Managers (PFMs) to manage the pension wealth of the investors.

As on 31st December 2015, 27 State Governments have also notified NPS for their employees. Till 31st December 2015, a total of 112.82 lakh members/ subscribers (including APY) have been enrolled under the NPS. Assets Under Management which includes the returns on the corpus, under the NPS have witnessed an increase from Rs. 80,855 crore as on 31 March 2015 to Rs. 1,07,802 crore as on 31 December 2015, registering an increase of 33.33 per cent. The number of Subscribers, Corpus and Assets Under Management (AUM) under NPS are given as under:

Employer/Sector	Number of subscribers	Corpus (Rs. In crore)	AUM (Rs. In crore)
Central Government	1601200	34044	44752
State Government	2841248	43751	51913
Private Sector	561678	8077	8887
NPS-Lite	4464268	1712	1988
Atal Pension Yojana	1813547	260	262
Total	11,281,941	87,844	107,802

PFRDA as a statutory body has notified Regulations for governing the intermediaries under NPS involved in collection and remittance of subscribers' contribution, record keeping, fund management and other related functions keeping in view the subscribers' interest. These Regulations spell out the eligibility norms for registration, functions, roles and responsibilities of the intermediaries, the provisions for inspection, audit and grievance handling and the process for adjudication. New initiatives like electronic Permanent Retirement Account Number (e-PRAN) library for faster registration, on-line facilities for joining, exit/ withdrawal, change in subscribers' details have been introduced.

Following developments have taken place during the year (up to December 2015):

- A facility has been provided to all NPS subscribers to modify/ update their contact details by directly login on CRA system.
- The processing of all withdrawal claims on online mode has been made mandatory from April 01, 2015. NSDL e-Governance Services Ltd, the Central Recordkeeping Agency for NPS is provides required support through guidance and training of the nodal offices (PAO's/DDO/ POP's/ Aggregators etc), so that the advantages of the web enabled withdrawal/exit functionality can be used effectively to the full extent. This functionality has been made available through the website of CRA and can be initiated at any levels of the functionaries.
- The Statement of Transaction (SOT) can be viewed and downloaded by NPS-Lite Collection Centre (NLCC) financial year-wise. The e-PRAN card can be generated /downloaded by NLCCs. The NLCCs can also print the e-PRAN card. The e-PRAN card is similar to a physical PRAN card and will display the same details alongwith photograph and signature of the subscriber. However, physical PRAN card cannot be replaced by e-PRAN card. The subscribers will be required to produce the physical PRAN card

wherever necessary. CRA shall continue sending the physical PRAN card as per the approved process.

- With a view to optimize the cost of operations, in case of the Atal Pension Yojana, physical PRAN card is not provided to the subscriber. The acknowledgement slip generated at the time of registration itself serves as the PRAN card as it contains all the necessary details required by the subscriber.
- The National Pension System Trust has been set-up and constituted by Pension Fund Regulatory and Development Authority (PFRDA) for taking care of the assets and funds under NPS in the interest of the beneficiaries (subscribers). The National Pension System Trust (NPS Trust) works as the operational arm for the NPS and APY subscriber. Its website (www.npstrust.org.in) provides all relevant information to the stakeholders and the subscribers.

Representation of SC, STs, OBCs ,PWDs and Position of Action Taken Notes: Representation of SCs, STs, and OBCs and persons with disabilities (PWDs) in the attached and subordinate office (PFRDA) is at Annexure VI (a) & VI (b).

14.23 General Insurance Corporation of India (GIC Re)

General Insurance Corporation of India (GIC Re) was approved as 'Indian Reinsurer' on 3rd November, 2000. As an Indian Reinsurer, GIC Re has been giving reinsurance support to non-life as well as Life Insurance companies in India. GIC Re also manages Marine Hull Pool, Indian Terrorism Insurance Pool and Motor Third Party Declined Risk Insurance Pool for Commercial vehicles on behalf of Indian Insurance industry. GIC Re aims at optimizing the retention within the country and developing adequate reinsurance capacity. The Corporation continued to offer maximum support for all classes of business to the Indian Insurers. Property and Engineering Risks are covered up to Rs. 2000 Crore. Per location capacity of the Terrorism Pool managed by GIC Re is Rs. 1500 Crore. GIC Re continues to lead the reinsurance programme of the Companies in SAARC nations, African countries and Middle East. In the process, it has emerged as a preferred Reinsurer in the Afro-Asian region. GIC Re is expanding its global presence and now plans to enter the Latin American market having got the 'Eventual Reinsurer' status in Brazil. GIC Re has been selected as a Manager for Nat Cat Pool promoted by the Federation of Afro-Asian Insurers and Reinsurers (FAIR).

GIC Re is financially strong as reflected by its high grade ratings from credit rating agencies. It is rated A- (Excellent) by A M Best and AAA (In) by CARE. GIC

Re is also the 4th largest aviation reinsurer globally. During the year 2014-15, Gross premium of GIC Re was Rs. 15,183.97 crore as against Rs. 14,680.12 crore in the previous year. The Net premium of the GIC Re was Rs.13,857.01 crore as against Rs.13,212.62 crore and net earned premium was Rs.13,558.25 crore as against Rs.13,608.81 crore in the previous year. The net incurred claims were at Rs.11891.77 crore i.e., 87.7 % of net earned premium as against Rs. 12,107.29 crore i.e. 89.0% of net earned premium in the previous year. GIC Re's Profit after tax amounted to Rs. 2,693.72 crore as on 31st March 2015 compared to Profit after tax of Rs. 2,253.17 crore as on 31 st March 2014. The total assets and net worth as on 31st March 2015 was Rs.78,093.32 crore and Rs. 13,001.61 crore, respectively. The present paid up capital of the Corporation is Rs. 430.00 crore.

GIC Re has international presence through its Branch offices in Dubai, London and Kuala Lumpur and a Representative office in Moscow. GIC Re also has a wholly owned foreign subsidiary at South Africa named as GIC Re South Africa Ltd. Apart from reinsurance business, GIC Re continues to participate in the share capital of Kenindia Assurance Company Ltd., Kenya; India International Insurance Pvt. Ltd., Singapore; Asian Reinsurance Corporation, Thailand; East Africa Reinsurance Company Ltd., Kenya. 'GIC Bhutan Re Limited', the maiden reinsurance company in Bhutan, a joint Venture of GIC Re and local promoter was operationalized from December 2013.

14.24 Public Sector General Insurance Companies

The General insurance industry was nationalized in 1972 and 107 insurers were grouped and amalgamated into four Companies – National Insurance Co. Ltd., The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd. and

United India Insurance Co. Ltd. The four entities were set up as subsidiaries of General Insurance Corporation of India (GIC) which also played the role of Re-insurer. With the opening up of the Insurance Sector, Insurance Regulatory and Development Authority (IRDA) came into existence in 1999 and GIC became the Indian Reinsurer and the four Public Sector General Insurance Companies were delinked from GIC.

The Public Sector General Insurance Companies provide coverage for insurance other than Life such as, Fire, Marine (Cargo & Hull), Motor, Workmen's Compensation, Personal Accident, Aviation, Engineering, Liability, Health, etc. The Public Sector General Insurance Companies witnessed a growth rate of 9.85% during 2014-15 collecting a total GDPI (Gross Domestic Premium Income) of Rs.45,016.66 Crores against Rs.40,980.06 Crores during 2013-14. Motor and Health Insurance have been the major drivers of growth. The Company-wise details are as follows:

14.24.1 National Insurance Company Limited

Incorporated in 1906 with Headquarters at Kolkata has a Paid-up Share Capital of Rs.100 crore.

Gross Direct Premium Income (GDPI) in 2014-15 was Rs.11,282.64 Crores against GDPI of Rs.10,260.99 Crores in 2013-14 showing a growth of 9.96% against a growth of 11.60% in the previous year. The Incurred Claim Ratio for the year 2014-15 is 77.54% as against 81.18% in 2013-14. Profit After Tax was Rs.967.64 Crores in 2014-15 against Rs. 823.32 Crores in 2013-14. It has 1,995 offices including micro offices and 14,757 employees. Foreign Operations: National has foreign operations in Nepal and operations are conducted through 8 offices there.

14.24.2 The New India Assurance Company Limited

Incorporated in 1919, with Headquarters at Mumbai has a Paid-up Share Capital of Rs.200 crore. Gross Direct Premium Income (GDPI) in 2014-15 is Rs. 15,480.36 Crores against GDPI of Rs. 13,727.61 Crores in 2013-14 showing a growth of 12.77 % against a growth of 15.62 % in the previous year. The Incurred claim Ratio for the year 2014-15 is 84.02% as against 83.52% in 2013-14. Profit after Tax is Rs. 1,431.23 Crores in 2014-15 against Rs.1,088.96 Crores in 2013-14. It has 2221 offices and 18,240 employees. Foreign Operations: NIA has a presence in 28 countries. It has now expanded to Guyana and has representative office in Myanmar. It has taken a license to operate in DIFC, Dubai through a Regional Office.

14.24.3 The Oriental Insurance Company Limited

Incorporated in 1947 with headquarters at New Delhi and has a Paid-up Share Capital of Rs.100 crores. Gross Direct Premium Income (GDPI) in 2014-15 was Rs. 7,561.93 Crores against GDPI of Rs. 7,282.54 Crores in 2013-14 showing a growth of 3.84% in 2014-15 as against a growth of 8.09% in 2013-14. The Incurred Claim Ratio for the year 2014-15 is 81.89% against 85.84% in 2013-14. Profit After Tax was Rs. 392.10 Crores in 2014-15 as against Rs. 460.29 Crores in 2013-14. It has 1915 offices with 14574 employees. Foreign Operations: 'Oriental' has its foreign operations in Nepal, Dubai & Kuwait with "B++" (very good) rating from AM Best & Co.(Europe) and given the highest rating by CRISIL and ICRA also.

14.24.4 United India Insurance Company Limited,

Incorporated in 1938 with headquarters at Chennai has a Paid-up Share Capital of Rs.150 Crores. Gross Direct Premium Income (GDPI) in 2014-15 was Rs.10691.73 Crores against GDPI of Rs.9,708.93 Crores in 2013-14 showing a growth of 10.12 % in 2014-15 against 4.78 % in 2013-14. The Incurred Claim Ratio for the year 2014-15 is 84.42% against 82.56% in 2013-14. Profit after Tax was Rs.300.57 Crores in 2014-15 against Rs.527.60 Crores in 2013-14. 'United India' has 1992 offices with 16366 employees. Rated "iAAA" by ICRA.

With respect to Grievance Redressal, Public Sector General Insurance Companies redressed 98.21% Grievances (16831 out of a total of 17137) and had only 306 outstanding Grievances in 2014-15. 'National' redressed 97.44% out of a total of 5317 and outstanding grievances were 139. 'New India' redressed 97% out of a total of 3330 Grievances and 101 grievances were outstanding. 'Oriental' redressed 99.55% grievances out

of a total of 2459 and 11 grievances were outstanding. 'United India' redressed 99% of grievances out of a total of 6031 and 55 grievances were outstanding.

14.24.5 AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED

'AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED' (AIC) was incorporated to cater to the insurance needs of the persons engaged in agriculture and allied activities in India under the Companies Act, 1956 on 20th December 2002. The Authorized Share Capital of the Company is Rs. 1500 crore. The Paid-up Equity Share Capital of the Company of Rs. 200 crore percentage-wise is held by following Government Corporation / Bank / Company:-

1	General Insurance Corporation of India	35.00%
2	National Bank for Agriculture And Rural Development (NABARD)	30.00%
3	National Insurance Company Limited and its nominee	8.75%
4	The New India Assurance Company Limited and its nominee	8.75%
5	The Oriental Insurance Company Limited	8.75%
6	United India Insurance Company Limited	8.75%
TOTAL		100.00%

The Company continued to implement "National Agricultural Insurance Scheme" (NAIS) during the year after Government of India (GoI) permitted it to be implemented on the request of many State Governments. National Crop Insurance Programme (NCIP) launched during the previous year was also implemented with its three component Schemes namely Modified National Agricultural Insurance Scheme (MNAIS), Weather Based Crop Insurance Schemes (WBCIS) and Coconut Palm Insurance Schemes (CPIS) by the Company during the year in many States. The company also has other commercial crop insurance products.

a) National Agricultural Insurance Scheme (NAIS)

National Agricultural Insurance Scheme (NAIS) was implemented in many States both during Kharif-2014 and Rabi 2014-15. The Scheme was implemented in 216 Districts across 10 States during Kharif-2014 season and in 349 Districts across 16 States during Rabi 2014-15.

Since introduction in Rabi 1999-2000 to Rabi 2014-15, NAIS covered about 24.02 crore farmers covering 35.76 crore hectare area for sum insured of Rs. 386285.73 crore against premium of Rs. 11563.26 crore. Claims amounting Rs. 38432.40 crore became payable benefitting 6.62 crore farmers.

The year wise coverage under NAIS is as follows:

National Agricultural Insurance Scheme (NAIS)						
S. No.	Year	No. of farmers insured	Area Insured (lakh ha)	(Rs in Lakhs)		
				Sum Insured	Gross Premium	Claims Reported
1	2011-12	16793860	233.86	3477104	97203	11551
2	2012-13	16791031	243.85	4290914	132644	28470
3	2013-14	9746756	142.32	2900503	97772	15640
4	2014-15	3973542	64.72	1255176	29752	9355

Modified National Agricultural Insurance Scheme (MNAIS)

National Crop Insurance Programme (NCIP) introduced with effect from 1st November, 2013 has MNAIS as a component which is an improved version of NAIS. The Scheme before being incorporated in NCIP was implemented separately as MNAIS on pilot basis from Rabi 2010-11 to Kharif 2013. The modified version has many improvements viz. Insurance Unit for major crops are village panchayat or other equivalent unit; in case of prevented / failed sowing claims up to 25 percent of the sum insured is payable, post-harvest losses caused by cyclonic rains are assessed at farm level for the crop harvested and left in 'cut & spread' condition up to a period of 2 weeks; individual farm level assessment of losses in case of localized calamities, like hailstorm and landslide; on-account payment up to

25% of likely claim as advance, for providing immediate relief to farmers in case of severe calamities; Threshold Yield based on average yield of past seven years, excluding up to two years of declared natural calamities; minimum indemnity level of 80 percent is available (against 60 percent in NAIS); and premium rates are actuarial supported by up-front subsidy in premium, which ranges from 25 percent to 75 percent, equally shared by Centre and States. Insurer is responsible for the claims liabilities. The Company has been implementing MNAIS since its inception. During Kharif 2014, the MNAIS was implemented by the Company in 133 Districts across 13 States and during Rabi 2014-15 as part of NCIP in 87 Districts across 9 States.

Since introduction as pilot in Rabi 2010-11 to Rabi 2014-15, under MNAIS, AIC covered about 1.10 crore farmers insuring 1.25 crore hectare area for sum

insured of Rs. 27845.53 crore against premium of Rs. 2603.92 crore. Claims amounting to Rs. 2281.15 crore became payable benefitting more than 29.67 lakh farmers.

The year-wise coverage under MNAIS is as follows:

Modified National Agricultural Insurance Scheme (MNAIS)						
S. No.	Year	No. of farmers insured	Area Insured (lakh ha)	(Rs in Lakhs)		
				Sum Insured	Gross Premium	Claims Reported
1	2011-12	1035159	11.62	275930	26636	14945
2	2012-13	2411431	24.19	600831	69050	65864
3	2013-14	3592966	38.75	877232	90594	110428
4	2014-15	3685027	47.53	969479	69711	38700

b) Weather Based Crop Insurance Scheme (WBCIS)

Apart from the above, two yield guarantee insurance Schemes, the Government of India had introduced another Pilot namely, Pilot Weather Based Crop Insurance Scheme (WBCIS) with effect from Kharif 2007, which became full-fledged Scheme as a component of NCIP with its introduction. The Scheme operates on an actuarial basis with premium subsidy contribution from Union and State Governments. The Company has since implemented the Scheme in various States during all previous Kharif and Rabi seasons starting Kharif 2007. WBCIS is a parametric insurance product designed to provide insurance protection to the cultivator against adverse weather incidence during the cultivation period, such as deficit & excess rainfall, frost, heat (temperature), relative humidity, wind speed etc., which are deemed to adversely impact the crop yield.

Crops and 'Reference Unit Areas (RUA)' are notified before the commencement of the season by the State Government. Each RUA is linked to a Reference Weather Station (RWS), on the basis of which pay-out / claims are processed. The pay-outs are made on the basis of adverse variations in the current season's weather parameters as measured at Reference Weather Station (RWS). Claim under WBCIS is area based and automatic. The Company insured many food, oilseed and

pulse crops besides insuring perennial crops like Apple, Citrus crops, Grapes, Mango, Pomegranate, Cashew nut, Oil palm and spices etc. During Kharif 2014, the Scheme was implemented by the Company, in 102 Districts across 14 States and during Rabi 2014-15 as part of NCIP in 88 Districts across 11 States.

Since introduction as pilot in Kharif 2007 to Rabi 2014-15, under WBCIS, AIC covered about 3.45 crore farmers insuring 4.63 crore hectare area for sum insured of Rs. 63494.68 crore against premium of Rs. 6021.72 crore. Claims amounting Rs. 4784.10 crore became payable benefitting around 2.17 crore farmers.

In order to increase the penetration of crop insurance AIC is using of the four GIPSA Companies to sell crop insurance. This Co-Insurance arrangement between AIC and the four GIPSA Companies covers only Non-Loanee farmers under WBCIS and MNAIS in addition to some In House products.

As per the Co-Insurance agreement and MOU, business will be co-shared in the ratio of 51:49 with AIC and the four GIPSA Companies. Also, the Company shall be solely and exclusively responsible for claim assessment and payment so as to ensure smooth implementation of the Schemes. Claim paid are also co shared between AIC and GIPSA Companies.

The year wise coverage under WBCIS is as follows:

Weather Based Crop Insurance Scheme (WBCIS)						
S. No.	Year	No. of farmers insured	Area Insured (lakh ha)	(Rs in Lakhs)		
				Sum Insured	Gross Premium	Claims Reported
1	2011-12	8433659	114.45	1503759	139456	93598
2	2012-13	7254298	99.69	1370632	130210	132491
3	2013-14	6288237	82.15	1202856	118431	96494
4	2014-15	2780434	30.12	658451	68054	67678

c) Coconut Palm Insurance Scheme (CPIS)

AIC in collaboration with Coconut Board designed Scheme for coconut i.e. Coconut Palm Insurance Scheme (CPIS), which is now a component of NCIP. The Scheme is available to all Coconut growing States/UTs

in the country. Dwarf and Hybrid coconut palms in age range of 4 to 60 year and Tall variety coconut palms in age range of 7 to 60 year are eligible for coverage. On premium, 50% subsidy is paid by Coconut Development Board (CDB) and 25% by concerned participating concerned State Government and balance 25% of the

premium is paid by farmer/grower. In case, the State government does not agree to bear 25% share of premium, farmers / growers are required to pay 50% of premium. Besides annual policy, 2 years and 3 years

policies are also available with a premium rebate of 7.5% and 12.5% respectively.

The year-wise coverage under CPIS is as follows:

Coconut Palm Insurance Scheme (CPIS)					
S.No.	Year	No. of farmers insured	(Rs in Lakhs)		
			Sum Insured	Gross Premium	Claims Reported
3	2011-12	8454	5510.95	29.77	92.47
4	2012-13	12279	7843.90	40.57	76.80
5	2013-14	13970	8694.60	70.87	95.49
6	2014-15	2845	2500.56	17.60	30.75

d) Other Commercial Products

Apart from the above, the Company continued to implement various in-house products, including Rainfall Insurance, Varsha Bima, Coffee Rainfall Insurance Scheme, Pulp Wood, Bio fuel Insurance and Rubber Plantation Insurance. Besides this the Company, also implemented some products on experimental basis.

15. Disposal of Public Grievances

Timely redressal of public grievances relating to banking and insurance Sectors is an important tool towards upgrading the quality of customer service in this very crucial segment of financial sector. Department of Administrative Reforms and Public Grievances (DARPG) has established CPGRAMS (Centralised Public Grievance Redressal and Monitoring System), (an online web-based system), to resolve public grievances.

In the Department of Financial Services, a large number of grievances/complaints concerning Banking and Insurance Sectors are received directly from citizens, both online and by post. The postal grievances are also digitized and processed through CPGRAMS for its onward transmission to the designated Nodal Officers i.e. Deputy General Manager/General Manager (DGM/GM) of concerned Public Sector Banks/Public Sector Insurance Companies (PSBs/PSICs) for its redressal within a maximum time limit of 60 days. Action taken reports are uploaded on the system and a scanned copy of the reply is provided to the complainant as (pdf) file that can be viewed by the complainant online. Reply

through post is sent to those complainants who have lodged their grievance through post.

The Banks and Insurance Companies have grievance redressal mechanism indicated on their respective websites for information and usage by the customers. The first level of grievance redressal is Branch Manager in Banks and Insurance Companies followed by Zonal Managers and then General Manager (Customer Care) in Head Office. The grievances concerning private banks and private insurance companies are resolved through Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDA) respectively. The PSBs have also established Ombudsman for settlement of grievances. The unresolved grievances are placed below the Customer Service Committee of the Board chaired by CMD/CEO to review and settlement of grievances / complaints.

The RBI has set up 15 Banking Ombudsmen across the country under Banking Ombudsmen Scheme 2006. Similarly, there are 17 Insurance Ombudsmen set up by IRDA. In case the petitioners are not satisfied with the kind of disposal, they can file their complaints with the Banking Ombudsmen concerned for the settlement of their grievance through mediation and passing of awards within a period of 30 days.

As per CPGRAMS database the details of receipt, disposal and pending grievances during the period 01.01.2015 to 08.12.2015 in respect of banking and insurance sectors are as follows:

Sector	Brought Forward	Received	Disposed	Pending as on 08.12.2015	% of Disposal as on 08.12.2015	Less than 60 days old	More than 60 days old
Banking	1395	50273	46247	5421	93	4605	816
Insurance	269	6447	5820	896	92	567	329
Total	1664	56720	52067	6317		5172	1145

16. Audit Paras

A Summary of Audit observations made available by the Office of C&AG pertaining to DFS is at Annexure – VII.

REPRESENTATION FOR SCs, STs and OBCs (GROUP-A OFFICERS) IN RESPECT OF ALL PSBs/PSICs/FIs.

S.No	Banks Name	Number of Employees (as on December, 2015)										Number of appointments made during the previous calendar Year 2015									
		By Direct Recruitment					By Promotion					By other Methods									
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	13803	2440	1027	2452	166	45	11	80	1885	343	110	466	0	0	0	0	0	0	0	0
2	Andhra Bank	10475	1858	853	2023	338	49	39	86	873	148	68	0	0	0	0	0	0	0	0	0
3	Bank of Baroda	23327	4108	1855	5066	1979	280	149	768	771	218	75	0	0	0	0	0	0	0	0	0
4	Bank of India	21463	3769	1757	4074	2116	330	141	615	3902	696	308	0	0	0	0	0	0	0	0	0
5	Bank of Maharashtra	6781	1041	513	1194	532	97	35	174	633	102	63	45	0	0	0	0	0	0	0	0
6	Canara Bank	24512	4336	1801	3893	1805	291	162	552	698	104	49	0	0	0	0	0	0	0	0	0
7	Central Bank of India	15884	2849	1334	2847	475	104	39	123	2	0	0	0	0	0	0	0	0	0	0	0
8	Corporation Bank	8493	1370	518	1713	405	67	26	128	684	123	50	0	0	0	0	0	0	0	0	0
9	Dena Bank	6481	1080	627	1211	367	10	44	27	540	75	40	0	0	0	0	0	0	0	0	0
10	Indian Bank	9106	1922	751	1470	429	62	29	139	0	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	16302	2776	1383	3726	1006	157	75	285	1942	311	120	0	0	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	11205	1998	617	1832	727	135	47	278	746	102	26	148	0	0	0	0	0	0	0	0
13	Punjab National Bank	27452	5594	1933	3097	1400	209	100	376	5990	1267	379	798	0	0	0	0	0	0	0	0
14	Punjab & Sind Bank	6790	1069	479	1197	650	107	45	175	969	158	48	0	0	0	0	0	0	0	0	0
15	Syndicate Bank	14519	2486	1140	2956	1745	301	120	519	607	91	45	0	0	0	0	0	0	0	0	0
16	Union Bank of India	19065	3238	1377	4469	1289	187	75	237	561	110	51	0	0	0	0	0	0	0	0	0
17	United Bank of India	7908	1368	642	1329	562	92	79	139	249	37	28	0	0	0	0	0	0	0	0	0
18	UCO Bank	12309	2108	1021	1672	304	43	22	93	396	74	46	0	0	0	0	0	0	0	0	0
19	Vijaya Bank	7124	1272	526	1502	890	142	74	282	1055	150	45	0	0	0	0	0	0	0	0	0
20	State Bank of India	81337	13993	5878	10090	2166	296	288	603	4740	1056	496	1245	0	0	0	0	0	0	0	0
21	SBB & Jaipur	5416	1057	550	737	241	30	57	49	511	107	56	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	5554	1136	262	610	88	6	53	11	157	35	7	23	0	0	0	0	0	0	0	0
23	State Bank of Hyderabad	7528	1277	631	1605	593	77	120	191	319	99	42	0	0	0	0	0	0	0	0	0
24	S. Bank of Travancore	5526	749	252	867	752	123	118	239	179	39	3	0	0	0	0	0	0	0	0	0
25	State Bank of Mysore	3781	608	227	548	439	64	64	110	99	20	4	30	0	0	0	0	0	0	0	0
26	IDBI Bank	15346	2131	826	3522	1554	302	258	635	0	0	0	0	0	0	0	0	0	0	0	0
27	RBI	7184	1065	433	551	18	0	1	7	521	64	20	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	402	53	18	82	151	16	13	28	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	2620	392	195	339	69	9	3	15	403	10	11	0	0	0	0	0	0	0	0	0
30	NHB	96	11	3	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	311	32	21	47	13	2	1	8	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	913	144	58	155	21	9	4	8	30	13	8	14	0	0	0	0	0	0	0	0
33	IFCL	87	9	2	18	23	4	1	5	19	2	1	2	0	0	0	0	0	0	0	0
34	LIC	32847	6160	2626	1464	151	16	7	36	658	159	0	195	5	1	0	0	0	0	0	0
35	GIC	458	69	26	57	65	9	5	15	7	1	1	0	0	0	0	0	0	0	0	0
36	NIACL	7606	1582	531	840	477	70	35	128	1420	250	105	0	0	0	0	0	0	0	0	0
37	NIOL	6107	1294	452	832	362	62	22	89	647	141	51	0	0	0	0	0	0	0	0	0
38	OICL	4953	1127	346	554	23	2	2	6	118	15	10	0	0	0	0	0	0	0	0	0
39	UIICL	6990	1424	511	1099	271	41	16	76	0	0	0	0	0	0	0	0	0	0	0	0
40	AIICL	267	40	19	53	38	5	2	9	0	0	0	0	0	0	0	0	0	0	0	0
Total		458308	81035	34021	72357	24700	3851	2382	7344	32331	6120	2366	2966	5	1	0	0	0	0	0	0

Annexure -I

REPRESENTATION FOR SCs, STs and OBCs (GROUP-B OFFICERS) IN RESPECT OF ALL PSBs/PSICs/FIs.

S.No	Banks Name	Number of Employees (as on December, 2015)				Number of appointments made during the previous calendar Year 2015									
		By Direct Recruitment				By Promotion					By other Methods				
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	OBCs
1	Allanabad Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Bank of Baroda	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Bank of Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Canara Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Central Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Corporation Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Dena Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Indian Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Punjab National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Punjab & Sind Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Syndicate Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Union Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	United Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	UCO Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Vijaya Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	State Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	SBB & Jaipur	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	State Bank of Hyderabad	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	S. Bank of Travancore	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	654	89	53	96	0	0	0	0	0	0	0	0	0	0
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	IIFCL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC	24925	3847	1689	3638	3212	634	353	828	7	3	0	0	0	0
35	GIC	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	NIAQL	1476	114	39	118	0	0	0	0	0	0	0	0	0	0
37	NIQL	1036	109	26	114	0	0	0	0	0	0	0	0	0	0
38	OIQL	1335	155	43	97	0	0	0	0	0	0	0	0	0	0
39	UIQL	1098	119	31	117	0	0	0	0	0	0	0	0	0	0
40	AIQL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		30524	4433	1881	4180	3212	634	353	828	7	3	0	0	0	0

REPRESENTATION FOR SCs,STs and OBCs (GROUP-C OFFICERS) IN RESPECT OF ALL PSBs/PSICs/Fls.

S.No	Banks Name	Number of Employees (as on December, 2015)						Number of appointments made during the previous calendar Year 2015									
								By Direct Recruitment					By Promotion				
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	7105	1775	547	1193	622	154	63	203	0	0	0	0	0	0	0	0
2	Andhra Bank	5404	861	357	1567	1143	237	78	347	372	50	27	0	0	0	0	0
3	Bank of Baroda	19640	3138	1702	4468	3066	705	358	885	0	0	0	0	3	0	0	0
4	Bank of India	19850	3303	1993	4096	4461	767	383	1156	0	0	0	0	0	0	0	0
5	Bank of Maharashtra	4998	776	369	662	60	8	20	13	76	34	3	16	2	1	0	1
6	Canara Bank	20494	3879	1249	3623	1771	306	127	474	434	64	20	0	0	0	0	0
7	Central Bank of India	13547	2461	1098	2631	243	43	17	63	816	122	62	0	0	0	0	0
8	Corporation Bank	7896	1478	422	2087	973	168	48	385	58	20	6	0	0	0	0	0
9	Dena Bank	5409	771	550	1149	491	103	53	55	252	50	34	0	1	0	0	0
10	Indian Bank	9938	2151	411	2240	964	187	33	279	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	12650	2547	588	2866	1180	209	76	318	2	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	7385	1707	440	1843	1050	221	99	279	514	116	7	116	0	0	0	0
13	Punjab National Bank	28397	5621	1358	5817	4024	879	205	959	1400	356	86	373	36	28	2	5
14	Punjab & Sind Bank	2241	499	71	466	465	126	7	116	0	0	0	0	0	0	0	0
15	Syndicate Bank	11177	2120	614	2367	1877	305	134	524	247	37	12	0	3	0	0	2
16	Union Bank of India	11612	2423	729	3072	501	66	64	161	816	254	71	0	0	0	0	0
17	United Bank of India	5232	947	380	621	323	57	55	77	0	0	0	0	6	0	0	0
18	UCO Bank	8524	1396	561	1115	803	176	80	202	0	0	0	0	0	0	0	0
19	Vijaya Bank	4551	792	346	996	584	103	46	206	152	40	13	0	0	0	0	0
20	State Bank of India	89333	14483	7858	18511	3121	398	247	729	1413	357	113	202	0	0	0	0
21	SBB & Jaipur	5010	899	563	874	650	106	70	136	200	59	31	0	1	0	1	0
22	State Bank of Patiala	6088	1608	73	898	749	223	18	160	0	0	0	0	1	0	1	0
23	State Bank of Hyderabad	7673	1220	569	2384	1503	225	133	476	0	0	0	0	0	0	0	0
24	S. Bank of Travancore	6952	886	189	1825	1003	125	14	440	52	11	1	0	0	0	0	0
25	State Bank of Mysore	4991	750	265	1044	543	104	36	212	0	0	0	0	0	0	0	0
26	IDBI Bank	1044	120	36	85	0	0	0	0	2	2	0	0	3	1	0	0
27	RBI	3767	553	213	730	548	83	43	142	100	22	6	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	784	259	93	107	0	0	0	0	0	0	0	0	0	0	0	0
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	92	24	7	5	0	0	0	0	3	2	1	0	0	0	0	0
33	IFCI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC	54635	10193	4293	4309	0	0	0	0	2812	569	257	0	173	64	12	0
35	GIC	82	22	10	7	0	0	0	0	0	0	0	0	0	0	0	0
36	NIACL	7431	1678	591	799	1166	128	56	321	385	67	16	0	17	5	0	4
37	NIOL	6344	1518	537	1041	1000	121	72	196	213	38	6	0	0	0	0	0
38	OICL	5900	1345	502	774	0	0	0	0	98	18	10	0	0	0	0	0
39	UIICL	6461	1648	486	1273	684	95	56	184	0	0	0	0	0	0	0	0
40	AICL	26	8	3	5	0	0	0	0	0	0	0	0	0	0	0	0
	Total	412633	75859	30073	77600	35568	6428	2691	9688	10417	2288	782	707	246	99	16	12

REPRESENTATION FOR SCs, STs and OBCs (GROUP-D SAFAI KARAMACHARIES) IN RESPECT OF ALL PSBs/PSICs/FIs.

S.No	Banks Name	Number of Employees (as on December, 2015)					Number of appointments made during the previous calendar Year 2015									
		By Direct Recruitment					By Promotion					By other Methods				
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	OBCs
1	Allahabad Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Bank	1335	449	98	565	84	15	6	26	0	0	0	0	14	6	3
3	Bank of Baroda	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Bank of India	3357	1569	355	412	53	25	13	43	0	0	0	0	0	0	0
5	Bank of Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Canara Bank	4683	1936	275	1274	164	73	23	51	0	0	0	0	0	0	0
7	Central Bank of India	2946	1421	287	676	12	2	5	3	0	0	0	0	0	0	0
8	Corporation Bank	1194	607	72	321	0	0	0	0	0	0	0	0	0	0	0
9	Dena Bank	321	109	37	113	46	20	5	10	0	0	0	0	0	0	0
10	Indian Bank	601	252	19	190	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	981	416	27	369	0	0	0	0	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Punjab National Bank	15723	6641	904	3202	2811	641	157	609	0	0	0	0	17	7	2
14	Punjab & Sind Bank	1253	917	21	154	139	96	6	24	0	0	0	0	0	0	0
15	Syndicate Bank	1633	909	81	328	0	0	0	0	0	0	0	0	1	1	0
16	Union Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	United Bank of India	1525	742	61	141	0	0	0	0	0	0	0	0	0	0	0
18	UCO Bank	2031	1191	141	161	241	162	42	22	0	0	0	0	0	0	0
19	Vijaya Bank	795	313	61	282	106	34	8	49	0	0	0	0	0	0	0
20	State Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	SBB & Jaipur	870	636	38	75	119	58	18	24	0	0	0	0	0	0	0
22	State Bank of Patiala	501	149	12	116	5	1	1	1	0	0	0	0	1	1	0
23	State Bank of Hyderabad	1535	356	100	703	0	0	0	0	0	0	0	0	0	0	0
24	S. Bank of Travancore	592	154	14	219	0	0	0	0	0	0	0	0	0	0	0
25	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	RBI	1360	499	88	193	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	IIFOL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC	982	565	56	60	0	0	0	0	7	6	0	0	4	3	0
35	GIC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	NIAQL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	NIQL	481	328	34	42	0	0	0	0	0	0	0	0	0	0	0
38	OIQL	809	508	51	121	0	0	0	0	0	0	0	0	0	0	0
39	UIQL	4	2	0	0	0	0	0	0	0	0	0	0	0	0	0
40	AIQL	2	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Total		45494	20670	2832	9718	3780	1127	284	862	7	6	0	0	37	18	5

Annexure -I
REPRESENTATION FOR SCs,STs and OBCs (GROUP-D EXCLUDING SAFAI KARAMACHARIS) IN RESPECT OF ALL PSBs/PSICs/IFIs.

S.No	Banks Name	Number of Employees (as on December, 2015)					Number of appointments made during the previous calendar Year 2015									
		By Direct Recruitment					By Promotion					By other Methods				
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	OBCs
1	Allahabad Bank	4648	2377	268	736	746	301	43	303	0	0	0	0	0	0	0
2	Andhra Bank	2977	796	217	678	11	4	0	0	0	0	0	0	0	0	0
3	Bank of Baroda	8407	2687	859	1854	901	178	104	381	0	0	0	0	4	2	0
4	Bank of India	5392	1342	576	1426	1098	291	111	387	0	0	0	0	0	0	0
5	Bank of Maharashtra	2149	768	211	251	29	0	3	9	0	0	0	0	0	0	0
6	Canara Bank	5005	1011	246	1007	212	27	15	69	0	0	0	0	0	0	0
7	Central Bank of India	5611	1494	462	1310	158	30	18	54	0	0	0	0	0	0	0
8	Corporation Bank	1989	800	139	533	16	5	0	2	0	0	0	0	0	0	0
9	Dena Bank	1839	590	232	307	190	61	13	50	0	0	0	0	0	0	0
10	Indian Bank	1403	457	68	189	21	5	0	9	0	0	0	0	0	0	0
11	Indian Overseas Bank	2578	851	100	596	0	0	0	0	300	103	11	0	0	0	0
12	Oriental Bank of Commerce	3050	1167	212	578	343	90	14	86	196	56	15	58	0	0	0
13	Punjab National Bank	10486	3270	625	2307	2296	379	137	508	0	0	0	0	17	7	2
14	Punjab & Sind Bank	604	190	23	29	0	0	0	0	0	0	0	0	0	0	0
15	Syndicate Bank	3626	1329	253	670	26	11	3	7	0	0	0	0	2	0	0
16	Union Bank of India	5124	1917	446	1329	231	59	20	111	0	0	0	0	0	0	0
17	United Bank of India	2274	493	116	171	0	0	0	0	0	0	0	0	1	1	0
18	UCO Bank	2319	535	148	235	298	106	39	79	0	0	0	0	0	0	0
19	Vijaya Bank	2159	592	167	524	109	14	16	36	30	9	3	0	0	0	0
20	State Bank of India	38521	10028	2696	7470	215	18	55	124	0	0	0	0	1	0	0
21	SBB & Jaipur	2312	320	227	656	0	0	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	3338	1237	56	621	275	55	0	68	69	34	1	14	0	0	0
23	State Bank of Hyderabad	2152	387	115	622	0	0	0	0	0	0	0	0	0	0	0
24	S. Bank of Travancore	1823	352	56	395	202	20	0	85	29	8	0	0	0	0	0
25	State Bank of Mysore	1865	450	114	495	27	7	0	5	0	0	0	0	0	0	0
26	IDBI Bank	931	213	74	172	0	0	0	0	0	0	0	0	1	1	0
27	RBI	3851	1063	322	502	42	3	4	11	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	67	18	11	8	0	0	0	0	0	0	0	0	0	0	0
33	IFIL	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC	3523	989	169	615	0	0	0	0	51	32	1	0	143	34	5
35	GIC	23	5	1	0	0	0	0	0	0	0	0	0	0	0	0
36	NIACL	1889	901	149	210	0	0	0	0	0	0	0	0	0	0	0
37	NIIL	1108	437	95	163	0	0	0	0	0	0	0	0	0	0	0
38	OICL	926	322	82	90	0	0	0	0	0	0	0	0	0	0	0
39	UIICL	1792	947	137	323	0	0	0	0	0	0	0	0	0	0	0
40	AICL	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	135754	40336	9672	27072	7446	1664	596	2386	677	242	31	72	169	45	8

Annexure-I

CONSOLIDATED TOTAL REPRESENTATION OF SCs, STs & OBCs

Statement of filling up Representation SC/ST/OBC identified up to 31.12.2015 (position furnished by Public Sector Banks/Financial Institutions/RBI and Insurance Companies .																		
Group	Number of Employees					Number of appointments made during the previous calendar year 2015												
						By Direct Recruitment					By Promotion					By other Methods		
	Total	SCs	STs	OBCs		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	
Group -A	458308	81035	34021	72357		24700	3851	2382	7344	32331	6120	2366	2966	5	1	0	0	
Group-B	30524	4433	1881	4180		3212	634	353	828	7	3	0	0	0	0	0	0	
Group-C	412633	75859	30073	77600		35568	6428	2691	9698	10417	2288	782	707	246	99	16	12	
Group-D (Excluding Safal Karmachari)	135754	40336	9672	27072		7446	1664	596	2386	677	242	31	72	169	45	9	8	
Group-D (Safal Karmachari)	45494	20670	2832	9718		3780	1127	284	862	7	6	0	0	37	18	5	8	
Total	1082713	222333	78479	190927		74706	13704	6306	21118	43439	8659	3179	3745	457	163	30	28	

Annexure -II
REPRESENTATION FOR PERSONS WITH DISABILITIES FOR (GROUP A OFFICERS) IN RESPECT OF ALL PSBs/PSICs/FIs.

S.No	Banks Name	Number of Employees (as on December, 2015)					DIRECT RECRUITMENT										PROMOTION				
		No. of Vacancies reserved					No. of Appointmtns Made					No. of Vacancies reserved					No. of Appointments Made				
							VH	HH	OH	TOTAL	VH	HH	OH	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL
		2	3	4	5		6	7	8	9	10	11	12		13	14	15	16	17	18	19
1	Allahabad Bank	12802	84	36	144		1	2	2	166	1	9	1		0	0	0	0	0	0	0
2	Andhra Bank	188	41	10	137		33	0	16	15	9	0			6	0	0	7	1	0	6
3	Bank of Baroda	23327	113	63	246		20	20	19	1979	20	11	12		0	0	0	771	0	0	6
4	Bank of India	21455	65	47	331		21	21	21	2100	15	11	20		0	0	0	68	42	9	55
5	Bank of Maharashtra	6807	11	7	68		5	5	5	13	6	3	4		0	0	0	8	0	1	7
6	Canara Bank	508	110	41	357		20	20	20	62	24	8	30		0	0	0	0	0	0	0
7	Central Bank of India	266	20	16	220		5	5	5	3	1	5	0		0	0	0	0	0	0	0
8	Corporation Bank	8493	36	29	100		3	3	3	395	1	1	2		0	0	0	684	3	2	13
9	Dena Bank	6481	18	7	79		9	8	53	30	8	2	20		0	0	0	0	0	0	0
10	Indian Bank	9106	29	11	99		4	4	4	429	4	0	4		0	0	0	0	0	0	0
11	Indian Overseas Bank	245	53	35	157		40	66	10	38	28	1	9		19	19	20	25	4	1	20
12	Oriental Bank of Commerce	245	28	10	207		7	7	8	14	3	3	8		0	0	0	0	0	0	0
13	Punjab National Bank	27452	82	41	374		32	27	35	1400	20	16	24		0	0	0	0	0	0	0
14	Punjab & Sind Bank	99	31	14	54		7	6	7	14	8	0	6		0	0	0	13	4	4	5
15	Syndicate Bank	14519	70	20	243		17	17	18	1745	39	2	19		6	6	6	600	2	1	12
16	Union Bank of India	19065	81	25	227		32	32	92	94	17	2	75		0	0	0	0	0	0	0
17	United Bank of India	7908	31	16	82		6	6	5	12	6	1	5		0	0	0	2	0	0	2
18	UCO Bank	12309	32	20	237		5	2	3	304	2	2	4		10	10	10	396	1	1	15
19	Vijaya Bank	7124	37	14	76		20	23	12	890	18	2	9		0	0	0	1055	7	7	14
20	State Bank of India	81181	173	27	746		33	1	33	2166	36	1	39		0	0	0	4740	0	0	20
21	S.B.B. & Jaipur	5416	16	2	82		2	0	6	241	11	0	6		0	0	0	0	0	0	0
22	State Bank of Patiala	70	13	0	57		14	0	2	15	13	0	2		0	0	0	4	1	0	3
23	S.B. of Hyderabad	7528	53	3	143		38	0	18	593	38	0	18		0	0	0	319	2	1	3
24	State Bank of Mysore	3761	21	1	30		7	0	5	439	15	0	13		0	0	0	324	0	0	2
25	S. Bank of Travancore	5526	20	7	71		15	0	15	749	17	0	13		0	0	0	0	0	0	0
26	IDBI Bank	15330	46	2	237		24	0	24	1665	23	0	10		0	0	0	0	0	0	0
27	RBI	7233	23	16	176		0	0	0	0	0	0	0		0	0	0	0	0	0	0
28	Bhartiya Mahila Bank	3	0	0	3		3	3	3	0	0	0	0		0	0	0	0	0	0	0
29	NABARD	2620	6	2	41		2	2	1	2	2	0	0		0	0	0	9	1	0	8
30	NHB	96	0	0	1		1	0	0	0	0	0	0		0	0	0	0	0	0	0
31	EXIM BANK	311	1	0	4		2	3	0	13	0	0	0		0	0	0	0	0	0	0
32	SIDBI	22	0	0	0		4	0	4	12	4	1	7		0	0	0	0	0	0	0
33	IIFCL	87	0	1	2		0	1	0	0	1	1	0		0	0	0	0	0	0	0
34	LIC	343	18	12	313		2	0	3	4	2	0	2		0	0	0	0	0	0	0
35	GIC	458	0	0	8		0	0	6	2	0	0	2		0	0	0	0	0	0	0
36	NIACL	61	17	15	29		8	6	5	19	8	6	5		0	0	0	0	0	0	0
37	NIOL	6107	6	6	70		4	4	4	362	4	4	4		0	0	0	0	0	0	0
38	OIOL	4953	6	4	57		0	0	0	23	0	0	0		0	0	0	0	0	0	0
40	AICL	267	2	1	3		0	1	1	38	0	0	1		0	0	0	0	0	0	0
	Total	319762	1393	561	5511		446	295	468	16046	404	92	380		35	35	36	9025	68	27	191

REPRESENTATION FOR PERSONS WITH DISABILITIES FOR (GROUP B OFFICERS) IN RESPECT OF ALL PSBs/PSICs/FIs.

S.No	Banks Name	Number of Employees (as on December, 2015)					DIRECT RECRUITMENT							PROMOTION												
							No. of Vacancies reserved				No. of Appointments Made			No. of Vacancies reserved			No. of Appointments Made									
		TOTAL	VH	HH	OH	5	VH	6	7	8	9	TOTAL	VH	10	11	12	OH	VH	13	14	15	16	TOTAL	VH	17	18
		2	3	4																						
1	Allahabad Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Bank of Baroda	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Bank of Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Canara Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Central Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Corporation Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Dena Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Indian Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Punjab National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Punjab & Sind Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Syndicate Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Union Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	United Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	UCO Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Vijaya Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	State Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	S.B.I. & Jaipur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	S.B. of Hyderabad	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	S. Bank of Travancore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	656	3	0	17	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	IIFCL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC	9	0	0	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	GIC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	NAACL	3	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	NICL	1036	1	1	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	OICL	1335	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	AICL	1098	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				

REPRESENTATION FOR PERSONS WITH DISABILITIES FOR (GROUP C OFFICERS) IN RESPECT OF ALL PSBs/PSICs/FIs.

S.No	Banks Name	Number of Employees (as on December, 2015)						DIRECT RECRUITMENT						PROMOTION					
		TOTAL	VH	HH	OH	VH	HH	OH	TOTAL	VH	HH	OH	VH	HH	OH	TOTAL	VH	HH	OH
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Allahabad Bank	7105	40	55	155	6	6	6	623	9	6	7	0	0	0	0	0	0	0
2	Andhra Bank	173	58	36	79	30	39	14	45	23	9	13	0	0	0	9	0	0	9
3	Bank of Baroda	19640	116	62	284	31	31	30	3089	28	13	34	0	0	0	0	0	0	0
4	Bank of India	19921	129	76	414	48	48	48	4447	33	9	35	0	0	0	0	0	0	0
5	Bank of Maharashtra	5016	7	15	45	0	0	1	2	0	0	2	0	0	0	0	0	0	0
6	Canara Bank	536	94	145	297	28	17	28	27	9	1	17	4	4	4	6	0	2	4
7	Central Bank of India	219	51	19	149	2	2	3	4	3	9	0	0	0	0	0	0	0	0
8	Corporation Bank	7896	30	22	105	8	9	8	989	2	0	9	0	0	0	58	0	0	0
9	Dena Bank	5409	21	18	61	13	13	41	23	3	0	20	3	3	4	5	0	2	3
10	Indian Bank	9938	44	37	119	9	9	0	963	9	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	254	49	92	113	15	33	24	22	5	1	16	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	214	23	5	186	11	10	11	23	10	2	11	0	0	0	0	0	0	0
13	Punjab National Bank	28397	149	58	409	79	17	107	4024	48	8	73	0	0	0	0	0	0	0
14	Punjab & Sind Bank	39	9	6	24	5	4	5	5	0	1	4	0	0	1	0	0	0	0
15	Syndicate Bank	11177	38	29	176	18	18	19	1880	7	1	17	2	2	3	250	1	0	6
16	Union Bank of India	11612	62	48	109	14	21	24	16	4	1	11	9	15	18	28	6	4	16
17	United Bank of India	5232	32	19	43	4	3	3	3	0	1	2							
18	UCO Bank	8524	16	11	120	10	4	10	803	7	3	8	0	0	0	0	0	0	0
19	Vijaya Bank	4551	12	26	75	7	7	8	584	2	0	6	0	0	0	152	1	3	8
20	State Bank of India	89295	520	226	1120	97	98	95	3121	69	38	67	0	0	0	1413	1	0	16
21	S.B.B. & Jaipur	5010	36	21	69	6	6	6	650	13	8	4	0	0	0	0	0	0	0
22	State Bank of Patiala	152	43	19	90	12	22	13	21	10	5	6	0	0	0	0	0	0	0
23	S.B. of Hyderabad	7673	67	32	113	20	20	20	1503	16	13	17	0	0	0	0	0	0	0
24	State Bank of Mysore	4991	38	8	95	8	3	6	543	10	4	9	0	0	0	42	0	0	0
25	S. Bank of Travancore	6982	41	26	92	13	12	14	1025	13	5	10	0	0	0	0	0	0	0
26	IDBI Bank	1041	1	0	6	0	0	0	3	0	0	0	0	0	0	2	0	0	0
27	RBI	3756	20	5	60	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	785	0	4	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM BANK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SDBI	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	IFCL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC	754	33	43	678	0	0	0	0	0	0	0	98	1	176	23	0	0	23
35	GIC	82	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	NIACL	242	27	15	200	0	30	0	22	12	0	10	0	0	0	0	0	0	0
37	NICL	6344	36	5	168	10	10	10	1000	26	0	12	1	1	2	213	0	0	4
38	OICL	5900	9	10	126	0	0	0	0	0	0	0	0	0	0	98	0	0	1
40	AICL	26	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	278848	1851	1193	5800	504	492	554	25420	371	138	420	117	26	206	2297	9	11	90

S.S.No	Banks Name	Number of Employees (as on December, 2015)					DIRECT RECRUITMENT										PROMOTION												
		No. of Employees (as on December, 2015)					No. of Vacancies reserved					No. of Appointments Made					No. of Vacancies reserved					No. of Appointments Made							
		TOTAL	VH	HH	OH		VH	HH	OH		TOTAL	VH	HH	OH		VH	HH	OH		TOTAL	VH	HH	OH		TOTAL	VH	HH	OH	
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19										
1	Allahabad Bank	2501	1	5	10	7	7	7	7	728	1	5	10	0	0	0	0	0	0	0									
2	Andhra Bank	21	1	6	14	12	12	11	3	0	1	2	0	0	0	0	0	0	0	0									
3	Bank of Baroda	3215	4	4	106	10	9	9	9	368	4	7	4	0	0	0	0	0	0	0									
4	Bank of India	3357	3	5	28	1	1	1	1	53	0	0	0	0	0	0	0	0	0	0									
5	Bank of Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
6	Canara Bank	62	10	17	35	0	0	4	4	4	0	0	4	0	0	0	0	0	0	0									
7	Central Bank of India	32	2	3	27	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0									
8	Corporation Bank	1194	0	2	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
9	Dena Bank	321	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
10	Indian Bank	601	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
11	Indian Overseas Bank	15	0	3	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
12	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
13	Punjab National Bank	5237	2	3	30	5	5	5	5	515	0	0	8	0	0	0	0	0	0	0									
14	Punjab & Sind Bank	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
15	Syndicate Bank	1633	1	0	4	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0									
16	Union Bank of India	1884	2	11	25	17	13	1	2	1	2	1	0	1	0	0	0	0	0	0									
17	United Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
18	UCO Bank	2031	0	0	12	2	2	3	241	0	0	3	0	0	0	0	0	0	0	0									
19	Vijaya Bank	795	1	3	11	0	3	3	3	106	1	1	1	0	0	0	0	0	0	0									
20	State Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
21	S.B.B. & Jaipur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
22	State Bank of Patiala	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
23	S.B. of Hyderabad	1535	0	2	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
24	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
25	S. Bank of Travancore	592	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
26	IDBI Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
27	RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
28	Bhartiya Mahila Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
29	NABARD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
31	EXIM BANK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
32	SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
33	IFCL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
34	LIC	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
35	GIC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
36	NAACL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
37	NICL	481	0	0	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
39	OICL	1796	3	3	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
40	AICL	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
	Total	27310	31	70	423	54	52	45	2021	7	15	33	0	0	0	0	0	0	0	0									

Annexure-II

REPRESENTATION FOR PERSONS WITH DISABILITIES FOR GROUP D (EXCLUDING SAFAI KARAMCHARIES) IN RESPECT OF ALL PSBs/PSIC/Fls.

S.No	Banks Name	Number of Employees (as on December, 2015)										DIRECT RECRUITMENT										PROMOTION										No. of Appointments Made																			
												No. of Vacancies reserved										No. of Appointments Made										No. of Vacancies reserved										No. of Appointments Made									
		TOTAL	VH	HH	OH	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL	VH	HH	OH	TOTAL	VH	HH	OH															
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40											
1	Allahabad Bank	2147	1	4	18	0	0	0	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
2	Andhra Bank	44	3	6	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
3	Bank of Baroda	5207	15	23	50	0	0	0	554	8	6	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
4	Bank of India	5421	5	11	52	10	10	10	1053	0	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
5	Bank of Maharashtra	2162	3	3	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
6	Canara Bank	86	3	17	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
7	Central Bank of India	84	6	4	54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
8	Corporation Bank	1989	9	6	42	0	0	0	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
9	Dena Bank	1839	0	4	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
10	Indian Bank	1403	1	0	22	0	0	10	21	0	1	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
11	Indian Overseas Bank	47	7	17	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
12	Oriental Bank of Commerce	78	3	4	71	3	3	4	5	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
13	Punjab National Bank	10486	9	25	102	23	23	23	2296	4	8	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
14	Punjab & Sind Bank	12	4	2	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0												
15	Syndicate Bank	3626	2	0	127	0	0	0	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
16	Union Bank of India	3240	5	6	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
17	United Bank of India	3799	4	3	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
18	UCO Bank	2319	1	2	33	3	2	3	298	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
19	Vijaya Bank	2159	7	11	27	0	0	0	109	0	2	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
20	State Bank of India	38508	29	23	152	0	0	0	215	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
21	S.B.B. & Jaipur	3182	3	0	16	0	0	0	119	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
22	State Bank of Patiala	33	2	2	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
23	S.B. of Hyderabad	2152	5	20	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
24	State Bank of Mysore	1865	3	3	13	0	0	0	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
25	S. Bank of Travancore	1823	0	0	7	0	0	0	92	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
26	IDBI Bank	929	1	1	18	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
27	RBI	4865	4	8	79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
28	Bhartiya Mahila Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
29	NABARD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
30	NHB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
31	EXIM BANK	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
32	SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
33	IFCL	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
34	LIC	32	1	2	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
36	GIC	306	44	30	232	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
37	NAACL	1108	1	2	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
38	NICL	926	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
39	OICL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
40	AICL	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
	Total	101840	181	239	1420	39	38	50	4837	12	18	73	3	3	3	32	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1										

Annexure-II

CONSOLIDATED TOTAL REPRESENTATION OF Persons With Disabilities .

Statement of filling up Representation PWDs Identified up to 31.12.2015 (position furnished by Public Sector Banks/Financial Institutions/RBI and Insurance Companies).																							
Group	Number of Employees (as on December, 2015)					DIRECT RECRUITMENT MADE DURING PREVIOUS CALENDER YEAR 2015										PROMOTION							
						No. of Vacancies reserved					No. of Appointments Made					No. of Vacancies reserved				No. of Appointments Made			
	TOTAL	VH	HH	OH		VH	HH	OH		TOTAL	VH	HH	OH		TOTAL	VH	HH	OH					
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19					
Group -A	319762	1393	561	5511	446	295	468	16046	404	92	380	35	35	36	9025	68	27	191					
Group-B	4141	4	1	41	0	1	1	0	0	0	0	0	0	0	0	0	0	0					
Group-C	278848	1851	1193	5800	504	492	554	25420	371	138	402	117	26	206	2287	9	11	90					
Group-D (Excluding Safai Karmachari)	101840	181	239	1420	39	38	50	4837	12	18	73	3	3	3	32	0	1	1					
Group-D (Safai Karmachari)	27310	31	70	423	54	52	45	2021	7	15	33	0	0	0	0	0	0	0					
Total	731901	3460	2064	13195	1043	878	1118	48324	794	263	888	155	64	245	11354	77	39	282					

Annexure-III

Quarterly Statement on Priority Sector Advances and Sectoral Deployment of Credit
(No. of Accounts in absolute terms; Amount in Rupees thousands)
2015 : 03 (Mar)

S.No.	Bank Name	Effective ANBC for computation of PSL targets	1. Priority Sector		2. Agriculture		3. Loans to Weaker Sections under Priority Sector	
			No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding
1	State Bank of Bikaner & Jaipur	658154725.6	1018667	278440347.80	788420	122371829.81	1013596	124419727.00
2	State Bank of Hyderabad	990350100	1962182	404315916.20	1589379	1904322973.96	1196856	105382100.00
3	State Bank of India	10532615900	13889771	3213475156.00	11275217	1580480100.00	10608839	1057400000.00
4	State Bank of Mysore	532180000	667896	194009460.00	517127	98428479.00	503163	64110000.00
5	State Bank of Patiala	801778267	578788	324525054.00	411701	137324242.00	370221	83548700.00
6	State Bank of Travancore	729695573	1584644	276083503.00	1307207	121324722.00	1064894	107063082.00
SBI and its Associates		14244774566	19701948	4690849437.00	15989051	2250362346.77	14755569	1541923609.00
1	Allahabad Bank	1373392700	1995185	539748064.00	1557005	247005364.00	1396849	143073429.00
2	Andhra Bank	1117189498	2216590	455267238.70	1854167	204369799.95	1714270	139593645.53
3	Bank of Baroda	2838946010	2653356	1031933123.00	1936122	372840086.50	1615187	200207722.73
4	Bank of India	2672512200	3972328	945720135.10	2959291	431821199.90	2925661	263670455.60
5	Bank of Maharashtra	824893864	1080189	388983998.20	677358	139875842.95	619423	90686400.24
6	BHARATIYA MAHILA BANK LTD.	885305	2604	1330754.00	122	56872.73	1643	102768.00
7	Canara Bank	2891272046	6656881	1182343458.00	5300725	588681001.10	3969963	386486700.45
8	Central Bank of India	1887383406	3398567	761817422.10	2476556	341496418.05	2029549	235714843.00
9	Corporation Bank	1451289100	1336916	620358260.00	829860	196749976.50	877933	139377548.00
10	Dena Bank	812271723	748985	284535267.00	537996	118661155.54	429886	60088073.00
11	IDBI Bank Ltd.	2126314900	894607	790981597.90	584287	212389685.64	532137	103034791.66
12	Indian Bank	1170995600	3241053	474325446.00	2676569	237021671.00	1796481	132936687.00
13	Indian Overseas Bank	1631602600	3681563	636350697.00	2674220	292362721.00	2663621	234767863.00
14	Oriental Bank of Commerce	1448749354	1000046	571129300.00	608737	225414400.00	537984	148997300.00
15	Punjab and Sind Bank	608347264	349172	202916898.80	211886	87918254.28	228462	58570445.00
16	Punjab National Bank	3166788800	4534345	1358126805.00	3640771	600065593.77	2901741	321875172.06
17	Syndicate Bank	1417366676	2916590	572814400.00	2047827	262053800.00	1327518	144052200.00
18	UCO Bank	1464510800	1747074	532780821.00	1152436	196819130.00	1075511	151855711.00
19	Union Bank of India	2185621830	2911441	873865504.30	2166422	351750105.91	2120618	230692319.60
20	United Bank of India	705540000	1208864	285609900.00	872275	90732900.00	926370	73500000.00
21	Vijaya Bank	854001700	997312	307142429.80	631947	113887110.50	690828	86851502.00
Nationalised Banks		32649875376	47543668	12818081519.90	35396579	5311973089.32	30380735	3346135576.87

Annexure IV (a)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH 2015

(Amt. in Lakhs)

Name of the Bank	Adjusted Net Bank Credit	Credit to Women			Of Credit to Women				Of the credit to Women under Priority Sector							
		Credit to Women			Under P/S		Under Non P/S		Under Micro Credit		Under SSI		Under Govt. Sponsored Programme		Others	
		No. of A/cs	Amt. O/s	% to ANBC	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s
All India	13626200.00	504766	694936.00	5.10	469409	482888.00	36357	212048.00	434646	157401.00	26248	101100.00	62466	38912.00	130842	126455.00
Andhra Bk	12973321.00	1110314	1378431.00	10.63	806668	1071563.00	249726	306668.00	205946	406960.00	61006	49218.00	53587	49561.00	540049	565624.00
BOB	28389460.45	529454	1130951.63	3.98	446619	784790.29	82836	346161.34	2161	355.40	51798	90169.88	55107	36170.83	337553	668094.18
BOI	26870297.00	782311	2966743.00	11.00	694135	1142039.00	88176	1814704.00	331652	82704.00	78354	396392.00	207951	230220.00	497111	511407.00
BOMah	9362109.00	202010	455121.94	4.86	168187	292128.16	33823	162993.78	16615	3159.02	7132	22472.30	16436	19889.09	128004	246807.75
Can Bk	28912720.46	2386024	3778259.20	13.07	2289807	2601464.02	98217	1176795.18	35491	12762.54	9530	304731.73	112478	28641.05	2244786	2283969.75
C B I	18873832.00	712433	1072224.54	5.68	582661	770438.44	129782	301786.10	4580	1587.57	65010	102513.86	24019	13279.96	489042	653057.05
Corp Bk	13708600.00	383970	794963.79	5.80	349148	655400.80	34822	139662.99	8666	5145.68	51144	174745.96	88275	100321.68	201063	375187.51
Dena Bk	8122717.23	144953	342707.91	4.22	126764	267834.14	18189	74873.77	2653	273.10	28658	69227.74	30302	11542.35	85151	186790.86
Ind Bk	11709956.00	1453854	1442696.34	12.32	1283928	1196714.68	169926	245984.66	2079	441.11	129205	185396.35	5473	3732.68	1147171	1007144.54
IOB Bk	16316026.00	1631176	2275265.00	13.94	1540830	1597972.00	90346	677292.50	94904	123581.00	206244	411484.10	115923	54896.23	1123759	1008011.00
O B C	14487493.00	148525	807548.00	5.57	119841	461627.00	28684	345821.00	33140	12061.00	60355	153430.00	9930	15781.00	16416	280355.00
P N B	31667900.00	924234	1688947.22	5.27	799762	1124530.26	124472	544416.96	5697	1329.07	71067	226110.36	59499	54400.82	682889	842630.02
P & S Bk	5855778.00	60565	286511.31	4.88	49557	238171.64	11008	48339.67	4578	46988.32	9048	36732.08	6171	8591.71	29760	145859.53
Synd Bk	14173667.00	792518	1293904.53	9.13	670044	984345.87	122474	309558.66	68333	149176.39	117377	291183.68	4688	5111.29	484334	543985.80
U B I	21856218.00	933919	1426262.36	6.53	893440	1192380.47	40479	233881.89	55215	78388.38	88464	191339.41	47469	21294.48	702292	901368.21
United Bk	7055400.00	163176	438173.38	6.21	152545	383357.49	10631	54815.89	13021	20502.17	8688	45979.04	128577	310837.88	2259	6038.40
UCO Bk	14645100.00	387719	752042.00	5.14	367196	708014.00	20523	44028.00	70644	80035.00	19228	54841.00	82282	74096.00	195042	499043.00
Vijaya Bk	8540017.00	311751	643803.77	7.54	289584	53282.47	22167	111521.29	18181	93801.25	34543	121599.24	7878	6465.30	228982	310416.68
S B I	106326159.00	3915284	7774757.00	7.38	2949660	4295954.00	965424	3478803.00	1007483	316905.00	23908	25805.00	153719	145764.00	1788658	38332.85
S B B J	6548868.00	218365	372940.00	5.68	160568	236287.00	57767	136653.00	64817.00	13062.00	58838	3105.00	19019	4682.00	70824	215438.00
S B Hyd	9903501.00	723096	992937.00	10.00	561460	643141.00	161636	349796.00	1471	1585.00	138	1001.00	129784	155419.00	430067	485136.00
S B Mys	5321800.00	233942	425742.80	8.00	168834	268336.49	65009	157406.31	128159	205806.74	178	1569.99	33099	43292.26	7498	17667.50
S B Pall	8017793.00	121809	425230.00	5.30	78036	275462.00	43773	149768.00	13940	13786.00	2188	34225.00	8429	3089.00	53479	224362.00
S B Tra	7121234.00	762061	856092.00	12.02	427885	480693.00	334176	375409.00	8472	18854.00	64891	149122.00	48454	53409.00	306068	260298.00
IDBI	21263149.00	351467	1316878.28	6.19	325544	1039137.83	25923	277740.44	113	78.31	28728	151616.62	3432	1574.38	283271	885868.52
Total	470649306.14	19889696	35804073.00	7.61	16826352	23726943.05	3063345	12077129.43	2632657	1846729.05	1302668	3394111.33	1514447	1491033.99	12176370	13279338.15

Source: As reported by banks

Annexure IV (b)
STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH 2015

(Amt. in Lakh)

Name of the Bank		Of the Credit to Women Under Non-Priority Sector										Credit Extended under different Government Sponsored Programmes									
		Under Medium & Large Industries					Others					PMRY/PMEGP					SJSRY				
		No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s		Total Outstandings	Against Women	Percentage	Total Outstandings	Against Women	Percentage	Total Outstandings	Against Women	Percentage	Total Outstandings	Against Women	Percentage			
		1373	32093.00	33984	179955.00		29021	54443.00	5061	11224.00	17.44	20.62	17541	11509.00	5266	4029.00	30.02	35.01			
		6	170.00	249720	306697.00		6881	3372.00	1899	715.00	27.60	21.20	8726	4443.00	4755	2404.00	54.49	54.12			
		21	712.87	82814	345448.47		24447	40264.15	3958	6033.89	16.19	14.98	15720	7507.85	3995	1676.68	25.41	22.33			
		500	1390042.00	87676	424682.00		7304	9025.00	1355	1614.00	18.55	17.88	19864	12106.00	5655	3115.00	28.76	25.73			
		294	31091.27	33529	131902.51		3376	7116.11	686	1242.70	20.32	17.46	9505	6266.96	2174	1060.00	22.87	16.91			
		2129	527818.48	94098	648976.70		11258	14340.40	2824	2898.61	25.08	20.21	13785	10370.06	5592	3433.90	40.57	33.11			
		19	15932.94	129763	285853.16		16883	11150.18	2130	1386.32	12.76	12.43	35146	20696.78	8295	3889.59	23.60	17.92			
		33	5785.05	34789	133777.93		6371	14574.32	1793	5018.83	28.14	34.44	39655	3103.58	1626	1195.34	41.11	38.51			
		27	9321.84	18162	65551.93		16021	14528.52	3095	2770.69	19.32	19.07	10973	4775.63	3469	1071.86	31.61	22.44			
		55	2240.52	169871	243744.14		3695	6363.82	1287	1852.82	34.83	29.11	6515	3500.63	3168	1559.74	48.63	44.56			
		0	0.00	90346	67792.50		5401	5594.80	1431	1482.62	26.50	26.50	6581	4029.48	3192	1954.29	48.50	48.50			
		33	124680	28651	221241.00		9156	20418.00	1522	2968.00	16.62	14.54	7193	3547.00	1748	668.00	24.30	18.83			
		138	70044.77	124334	474372.20		13375	6126.20	2520	985.57	18.84	16.09	13212	6431.74	3598	1462.96	27.23	22.75			
		0	0.00	11008	48339.67		9659	7980.31	1478	1699.55	15.30	21.30	3197	1446.95	682	325.16	21.33	22.47			
		416	33321.28	122068	276237.38		4559	10377.37	692	1542.84	15.18	14.87	4229	3536.69	1158	826.84	27.38	23.38			
		124	27772.32	40355	206109.57		28199	17668.68	5009	2573.61	17.76	14.57	21070	7955.88	5775	2122.89	27.41	26.68			
		5	5165.26	10626	49650.62		29353	38411.28	4701	5349.24	16.02	13.93	18796	7367.12	4289	1608.33	22.82	21.83			
		308	10838.00	20215	33190.00		21302	23624.00	4939	5154.00	23.19	21.82	19354	9275.00	6874	6962.00	35.52	75.06			
		59	4857.65	22108	106663.64		5578	3810.04	1682	1041.41	30.15	27.33	3896	2494.89	1656	1028.78	42.51	41.24			
		3089	243516.00	962335	3235287.00		50261	26299.00	13708	5268.00	27.27	20.03	46338	49357.00	7885	7069.00	17.02	14.62			
		0	0.00	57767	136653.00		12054	7337.00	1410	676.00	11.70	9.21	18572	4386.00	5600	1188.00	30.15	27.09			
		1541	2401.00	160095	347395.00		7286	4566.00	1517	725.00	21.00	16.00	7719	3809.00	2930	1329.00	38.00	35.00			
		236	121.95	64773	157284.36		5572	3740.29	1749	769.23	31.39	20.57	4560	3400.09	2148	1109.40	47.11	32.63			
		11	1201.00	43762	148657.00		5180	4469.00	807	396.00	15.58	8.86	2408	865.00	667	201.00	27.70	23.24			
		1008	159091.00	333168	217318.00		3742	7222.00	1438	3196.00	38.43	44.25	1213	450.00	401	144.00	33.00	32.00			
		63	7211.72	25860	270528.73		1407	730.01	290	144.57	20.61	19.80	2331	1397.81	834	536.70	35.78	38.40			
		11488	2704429.92	3051857	9372698.51		337141	363551.48	68981	68728.50	20.46	18.90	322198	193029.14	93432	51970.46	29.00	26.92			

Source: As reported by banks

Annexure IV (c)
STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH 2015

Name of the bank	Credit extended under different Govt. sponsored programmes										Of total credit to Women- Non-Performing Assets			
	SGSY					Others								
	Total Outstandings		Against Women		Percentage	Total Outstandings		Against Women		Percentage				
	No. of A/cs	Amt O/s	No. of A/cs	Amt O/s		No. of A/cs	Amt O/s	No. of A/cs	Amt O/s		Amt O/s	No. of A/cs	Amt O/s	% of NPA to total credit to Women
Ath, bk	76418	51967.00	29412	12303.00	38.49	68827	48414.00	22727	11356.00	34.01	23.46	69413	79848.00	11.49
Andhra	5314	2588.00	2727	1842.00	51.32	104706	88910.00	44206	44599.00	42.22	50.16	105958	63767.00	4.63
BOB	55345	23446.51	14872	5834.48	26.87	132534	174635.18	32282	22625.78	24.36	12.96	45297	42697.17	3.77
BOI	54283	23782.00	17833	8061.00	32.85	1451983	1875232.00	183108	217430.00	12.61	11.59	33540	244815.00	8.28
BOMah	13758	8132.53	2593	1060.20	18.85	51107	116961.47	10983	16526.19	21.49	14.13	18400	15400.18	3.38
Can Bk	26243	18873.73	3933	2602.37	14.99	535086	84016.30	100129	19706.17	18.68	23.46	98050	149863.81	3.97
C B I	45533	29284.62	10018	5238.64	22.00	12993	19508.83	3576	2765.41	27.52	14.17	62350	57878.40	5.23
Corp Bk	1395	743.16	788	545.60	56.49	98983	118758.44	84068	93561.91	84.93	78.78	27600	34096.64	4.29
Dena Bk	24472	8020.97	8458	2382.44	34.56	41651	33491.46	15280	5317.36	36.69	15.88	27693	20852.02	6.11
Ind Bk	3110	975.32	984	316.66	31.64	154	33.55	34	3.47	22.08	10.34	41011	34363.42	2.38
IOB Bk	41659	14823.91	39443	14035.27	94.68	141312	73598.97	71857	37424.05	50.85	50.85	48801	32607.80	1.43
O B C	4983	1786.00	1185	325.00	23.78	16489	34640.00	5475	11820.00	33.20	34.12	10112	19331.00	2.39
P N B	37072	19443.28	11056	5690.75	29.82	202473	426725.73	42325	46321.53	20.90	10.86	152911	145685.66	8.73
P & S Bk	5637	4234.45	1611	1798.88	28.58	9047	24395.92	2400	4767.12	26.53	19.54	8406	9626.54	3.36
Syndicate	3426	3291.62	1297	1760.76	37.86	11262	10868.50	1541	980.85	13.68	9.03	1427	2079.00	0.16
U B I	47453	18831.44	17976	7680.31	37.88	72428	63818.27	18709	8837.67	25.83	14.00	61218	31231.54	2.19
United Bk	63658	31928.38	51828	25721.21	81.42	107422	517334.40	67759	278159.10	63.08	53.77	30683	32463.85	7.41
UCO Bk	43524	23653.00	18228	13459.00	41.88	130479	74897.00	52241	48520.00	40.04	64.78	34531	32985.00	4.39
Vijaya Bk	1258	599.66	677	366.85	53.82	8992	13422.35	3863	4028.26	42.96	30.01	33243	30142.39	4.68
S B I	116766	53150.00	31976	15948.00	27.38	199186	263917.00	100150	117480.00	50.28	44.51	344911	236264.00	3.04
S B B J	29089	7452.00	11208	2681.00	38.53	2791	643.00	801	137.00	28.70	21.31	30887	11833.00	3.17
S B Hyd	3943	2730.00	1492	826.00	38.00	225494	410438.00	123845	152539.00	59.00	37.00	33149	15033.00	2.00
S B Mys	1421	1181.21	803	728.23	56.51	48763	95758.32	28399	40885.40	58.24	42.49	19858	13748.98	3.23
S B Pall	3735	1564.00	1114	489.00	29.83	20391	64336.00	5841	2003.00	28.64	3.11	8167	6907.00	1.62
S B Tra	1994	952.00	797	447.00	40.00	68422	72315.00	45818	49622.00	67.00	69.00	44773	31247.00	3.66
IDBI	2224	1194.67	1025	638.17	46.09	3545	1130.46	1283	254.95	36.19	22.55	6956	32836.13	2.49
Total	713713	347628.46	283334	132761.82	39.70	3765420	4708193.15	1068700	1237571.22	28.38	26.29	1397345	1427703.53	3.99

Source: As reported by banks

Annexure-V		
Bank wise Education Loan Data		
Progress for March, 2015		
	(Amt in Cr)	
Name of Bank		
	No. of Accounts	Amount O/S
Allahabad Bank	49015	1404.61
Andhra Bank	56036	1820.54
Bank of Baroda	87835	2097.69
Bank of India	135429	2918
Bank of Maharashtra	29516	702.82
Canara Bank	274867	5524.00
Central Bank of India	126692	3442.63
Corporation Bank	53254	1359.72
Dena Bank	18640	420.41
Indian Bank	173748	3287.55
Indian Overseas Bank	231457	3958.31
Oriental Bank of Commerce	47292	1314.47
Punjab National Bank	157314	4397.29
Punjab & Sind Bank	6717	240.34
Syndicate Bank	114362	2745.28
UCO Bank	55496	1318.73
Union Bank	98811	2481.28
United Bank of India	20221	488.72
Vijaya Bank	42297	903
State Bank of India	568815	15464
State Bank of Bikaner & Jaipur	21398	507.67
State Bank of Mysore	29334	656.88
State Bank of Patiala	16082	499.86
State Bank of Hyderabad	49203	1306.01
State Bank of Travancore	90955	2275.60
IDBI Bank Ltd	13636	428.12
Bhartiya Mahila Bank	164	2.99
TOTAL	2568586	61966.52

Annexure-VI (a)

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

REPRESENTATION OF SCs, STs and OBCs (FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015)

Groups	Number of Employees (As on 29.12.2015)				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods (Deputation)		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Executive Director	1	0	0	0	0	0	0	0	0	0	0	1	0	0
Grade F-CGM	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade E-GM	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade D-DGM	11	1	0	2	0	0	0	0	0	0	0	0	0	0
Grade C-Manager	5	0	0	1	0	0	0	0	0	0	0	0	0	0
Grade B-Dy. Manager	9	1	0	2	0	0	0	0	0	0	0	0	0	0
Grade A-Asst. Manager	13	1	0	3	0	0	0	0	0	0	0	0	0	0
General Assistant	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Car Driver	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	49	4	0	8	0	0	0	0	0	0	0	1	0	0

Annexure-VI (b)

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

REPRESENTATION OF PWDs (FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015)

Group	Number of Employees (As on 29.12.2015)				DIRECT RECRUITMENT								PROMOTION							
					No. of Vacancies reserved				No. of Appointments made				No. of Vacancies reserved				No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
Executive Director	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grade F-CGM	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grade E-GM	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grade D-DGM	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grade C-Manager	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grade B-Dy. Manager	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grade A-Asst. Manager	13	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
General Assistant	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Staff Car Driver	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total	49	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

Note: (i) VH stands for visually Handicapped (persons suffering from blindness or low vision)

(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)

(iii) OH stands for Orthopedically Handicapped (Persons suffering from locomotors disability or cerebral palsy)

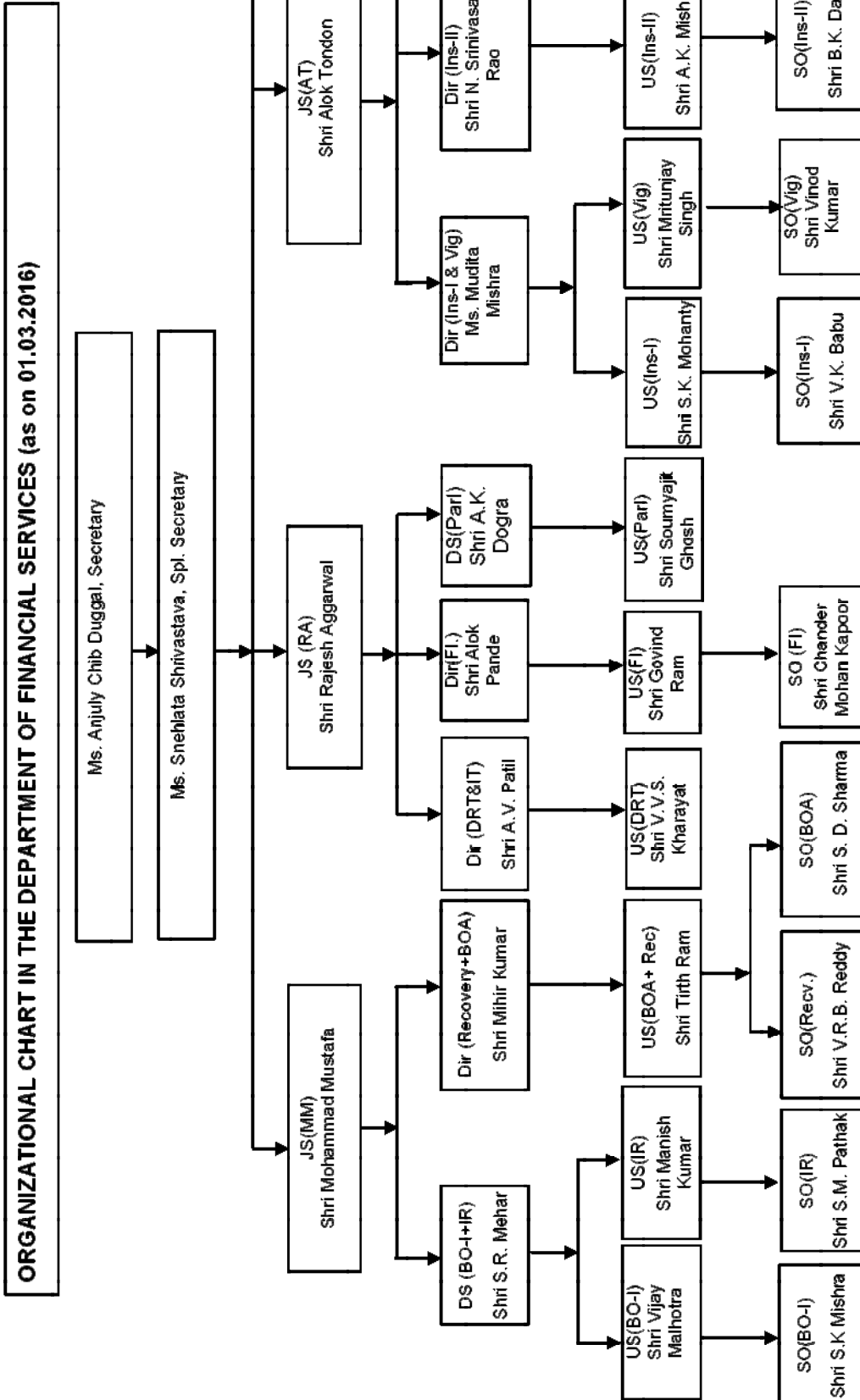
Annexure-VII

Ministry of Finance
Department of Financial Services

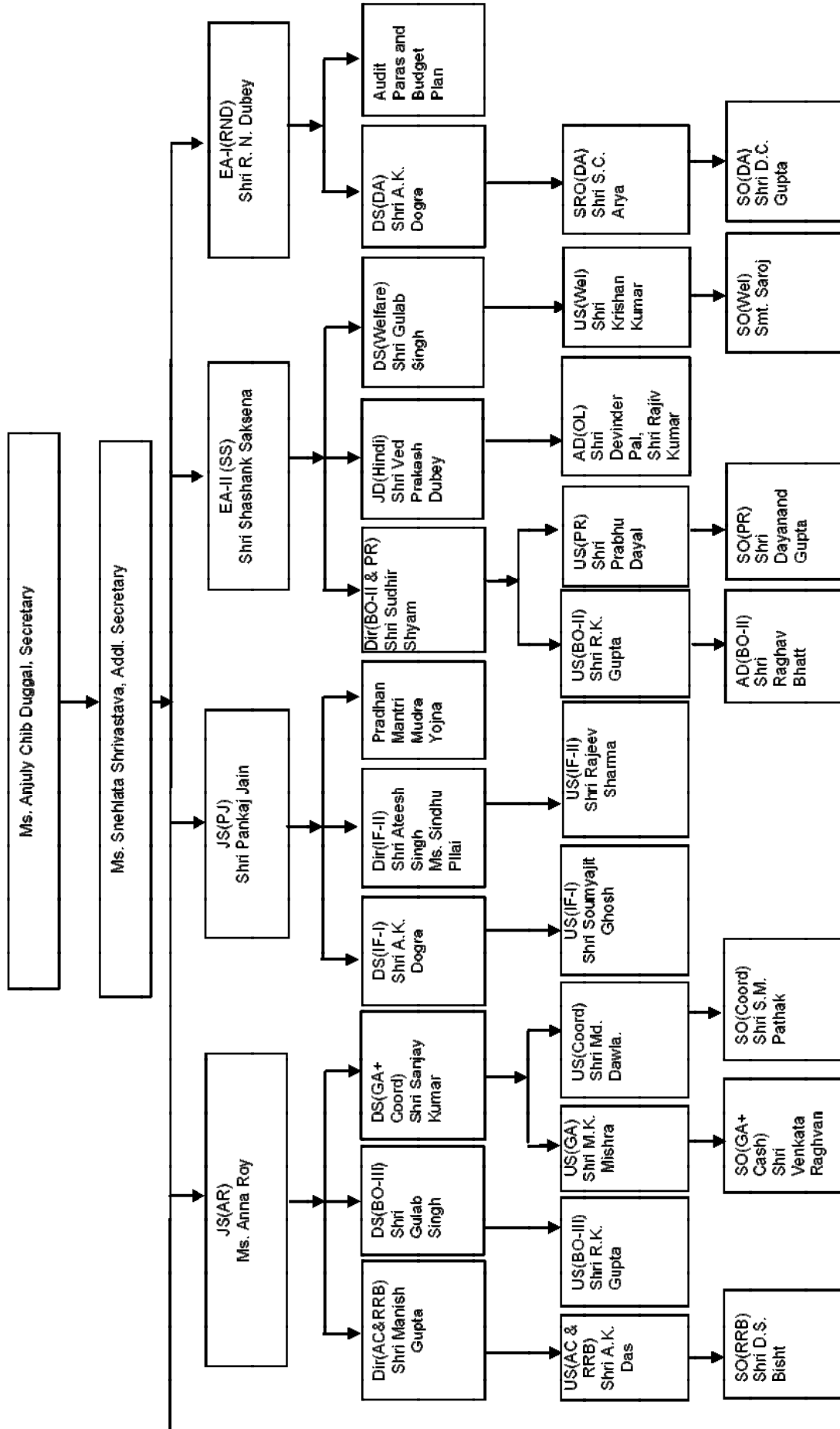
Report No. 18 of 2015- Compliance Audit Observation(Combined Civil+AB)				
S.No.	Name of Ministry/PSU	Para no	Summary of Audit Observation	Status
1.	Ministry of Finance (Department of Financial Services) Insurance regulatory and Development Authority-(IRDA)	Para No 6.1 Chapter VI	Insurance regulatory and Development Authority- Avoidable expenditure on Service tax. Failure to recover service tax from clients and subsequent payment thereof from own funds resulted in avoidable expenditure of Rs. 22.58 crore.	The ATN has been sent to Monitoring Cell on 05.02.2016.

Report No. 21 of 2015- Compliance Audit Observation(Volume-I)				
S.No.	Name of Ministry/PSU	Para no	Summary of Audit Observation	Status
9.	Ministry of Finance (Department of Financial Services- Insurance Division) India Infrastructure Finance Company Limited	7.1	India Infrastructure Finance Company Limited (Company) conducted its operations of borrowing funds and lending the same for various infrastructure projects under SIFTI. Audit observed that funds borrowed by the company were not based on detailed working of requirements and resulted in excess borrowings. Moreover, funds were borrowed at higher cost upto Rs.37.56 crore by issuing bonds for 25 years 'tenor instead of 15 year' and 20 years 'tenor. Besides, the borrowing form LIC was done at higher than prevailing market rates incurring extra cost of Rs.21.57 crore. Audit further observed that under lending operations the Company • Compromised on compliance of guidelines regarding appraisal of the loan proposal by the lead bank, obtaining guarantee for recovery of loan from lead bank and failed to protect its financial interests. • Was likely to suffer a loss of 8.11 crore due to absence of standard operating procedures to safeguard its interests against quitting of lead/other lenders of the consortium. • Lost business opportunity to the extent of Rs.1,064.94 crore in 13 loans by not agreeing to finance the cost overruns, though the loans were restructured by the Company after having ensured their financial viability. Despite having been modified a number of times, both the Refinance scheme and the Takeout finance scheme remained unattractive.	The revised ATN has been sent to Principal Director of Commercial Audit, CAG on 23.10.2015 for vetting.

S.No.	Name of Ministry/PSU	Para no	Summary of Audit Observation	Status
10.	Ministry of Finance (Department of Financial Services- Insurance Division) MCX Stock Exchange Limited	7.2	The MCX Stock Exchange Limited (the Company) was incorporated on 14 August, 2008. Multi Commodity Exchange of India Limited (MCX) and Financial Technologies (India) Limited (FTIL) were its promoters. The Company had entered into long term agreements with its related party FTIL that entailed various restrictive clauses as well as high costs. Further, the PSU Banks had 67 per cent shareholding as on 31 March 2010 and had their nominees on the Board of the company during 30 April 2010 to 20 September 2012. These nominees of PSU bank on the Board of the Company did not review these unfavourable agreements and failed to protect the interests of the banks they represented. Despite present action by new management, by way of suspension of various agreements with FTIL, the liability due to restrictive clauses in these agreements would continue as only interim action to suspend only a few agreements has been taken (January 2015).	Requisite information is being collected.
11.	Ministry of Finance (Department of Financial Services- Insurance Division) The New India Assurance Company Limited	7.4	There are co-insurance arrangements between the PSU insurance companies and the private insurance companies. Under co-insurance, one Company (Known as the "lead insure") underwrites the insurance business and shares a part of that business with other public/private insurance business. • Company has no specific policy or guidelines for co-insurance business where role of the lead insurance Company and that of the client are significant in determining the terms and conditions of the insurance contract. • The Company assumed risk without recording the most vital information like Incurred Claims Ratio and details of the risk such as location of the risk, total exposure, break up of Sum Insured etc. • Risk inspection was not carried out by the Company nor was the inspection report of the lead insurer obtained before acceptance of the risk. The Company paid an amount of Rs.21.78 crore in settlement of 6 out of 25 such claims. • Justification notes with the approval of the Competent Authority, for the acceptance of the risk, were not available in 38 cases reviewed by Audit and 12 out of them were having Sum Insured (SI) exceeding Rs.500 crore. • Co-insurance risk was accepted at a rate lower than that quoted by the Company at the time of participation in the tender for 100 per cent share in nine out of 38 cases. The difference in premium amounted to Rs.2.02 crore and the Company settled 3 claims for Rs.2.27 crore.	The ATN has been submitted to Principal Director of Commercial Audit, C&AG on 15.01.2016 for vetting.



ORGANIZATIONAL CHART IN THE DEPARTMENT OF FINANCIAL SERVICES (01.03.2016)



For Public Contact Purposes:

Ministry of Finance

Department of Economic Affairs

North Block, New Delhi – 110001

Phone : 23095120, 23092453

Website: http://www.finmin.nic.in/the_ministry/dept_eco_affairs/index.asp

Department of Expenditure

North Block, New Delhi – 110001

Phone : 23095661, 23095613

Website: http://www.finmin.nic.in/the_ministry/dept_expenditure/index.asp

Department of Revenue

North Block, New Delhi – 110001

Phone : 23095384, 23095385

Website: http://www.finmin.nic.in/the_ministry/dept_revenue/index.html

Department of Disinvestment

Block 11 & 14, CGO Complex, Lodhi Road, New Delhi – 110003

Phone : 24368528, 24368523, 24368044

Website: <http://www.divest.nic.in>

Department of Financial Services

Jeevan Deep Building, Parliament Street, New Delhi – 110001

Phone : 23748721, 23748734

Website: http://www.finmin.nic.in/the_ministry/dept_fin_services/fin_services.asp