सत्यमेव जयते

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

ANNUAL REPORT

2019-2020

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Introduction

The Ministry comprises of the five Departments namely:—

- ❖ Department of Economic Affairs
- ❖ Department of Expenditure
- ❖ Department of Revenue
- ❖ Department of Investment and Public Asset Management
- ❖ Department of Financial Services

1. Department of Economic Affairs

Economic Growth

As per the First Advance Estimates of National Income released by the National Statistical Office (NSO), the growth rate of the Gross Domestic Product (GDP) at constant market prices is estimated to be 5.0 per cent in 2019-2020. The growth of Gross Value Added (GVA) at constant basic prices is estimated to be 4.9 per cent in 2019-20, with agriculture and allied sectors, industrial sector and services sector growing at 2.8 per cent, 2.5 per cent and 6.9 per cent respectively.

On the demand side, the growth in government final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 10.5 per cent in 2019-20. The growth in gross fixed capital formation at constant prices is estimated at 1.0 per cent in 2019-20.

The First Revised Estimates of National Income released on 31st January 2020, estimated the growth of real GDP at 6.1 percent in 2018-19, as compared to 7.0 percent in 2017-18.

Gross saving as percentage of GDP at current market prices is estimated at 30.1 per cent in 2018-19, as compared to 32.4 percent in 2017-18. Investment rate as measured by share of gross capital formation to GDP, is estimated at 32.2 per cent in 2018-19, as compared to 34.2 per cent in 2017-18. Fixed investment rate measured by share of Gross Fixed Capital Formation to GDP is estimated at 28.1 per cent in 2019-20 (1st advance estimates), as compared to 29.0 per cent in 2018-19 (1st revised estimates).

Prices

Consumer Price Index (Combined) (CPI-C) inflation (Base 2012=100) for 2018-19 declined to 3.4 per cent from 3.6 per cent in 2017-18, 4.5 per cent in 2016-17, 4.9 per cent in 2015-16 and 5.9 per cent in 2014-15. It averaged 4.5 per cent in 2019-20 (April to January) and stood at 7.6 per cent in January 2020. Food inflation based on Consumer Food Price Index (CFPI) for 2018-19 declined to 0.1 per cent from 1.8 per cent in 2017-18, 4.2 per cent in 2016-17, 4.9 per cent in 2015-16 and 6.4 per cent in 2014-15. It averaged 6.1 per cent in 2019-20 (April to January) and stood at 13.6 per cent in January 2020. Inflation measured in terms of Wholesale Price Index (WPI) stood at 4.3 per cent in 2018-19 as compared to 3.0 per cent in 2017-18, 1.7 per cent in 2016-17, (-)3.7 per cent in 2015-16 and 1.2 per cent in 2014-15. It averaged 1.7 per cent in 2019-20 (April to January) and stood at 3.1 per cent in January 2020 (Table 1).

Table 1: Inflation in WPI and CPI (in per cent)

	CPI-C		WPI	
	All Groups	CFPI	All Commodities	Food
Base	2012=100		2011-12=100	
Weight	100	39.1	100	24.4
2014-15	5.9	6.4	1.2	4.3
2015-16	4.9	4.9	-3.7	1.2
2016-17	4.5	4.2	1.7	5.8
2017-18	3.6	1.8	3.0	1.9
2018-19	3.4	0.1	4.3	0.6
2019-20 (Apr-Jan)	4.5	6.1	1.7	7.0
Apr-18	4.6	2.8	3.6	0.8
May-18	4.9	3.1	4.8	1.2
Jun-18	4.9	2.9	5.7	1.6
Jul-18	4.2	1.3	5.3	-0.8
Aug-18	3.7	0.3	4.6	-2.1
Sep-18	3.7	0.5	5.2	0.1
Oct-18	3.4	-0.9	5.5	-0.5
Nov-18	2.3	-2.6	4.5	-2.0
Dec-18	2.1	-2.6	3.5	-0.1
Jan-19	2.0	-2.2	2.8	2.0
Feb-19	2.6	-0.7	2.9	3.3
Mar-19	2.9	0.3	3.1	3.6
Apr-19	3.0	1.1	3.2	4.5
May-19	3.0	1.8	2.8	5.5
Jun-19	3.2	2.2	2.0	5.4
Jul-19	3.1	2.4	1.2	4.9
Aug-19	3.3	3.0	1.2	5.9
Sep-19	4.0	5.1	0.3	6.1
Oct-19	4.6	7.9	0.0	7.6
Nov-19	5.5	10.0	0.6	9.1
Dec-19	7.4	14.2	2.6	11.0
Jan-20	7.6	13.6	3.1	10.1

Source: Office of Economic Adviser, DPIIT and Central Statistics Office.

Note: WPI inflation for last two months and CPI-NS inflation for last one month are provisional.

Agriculture and Food Management Sector

During the South West Monsoon Season (June-September) of 2019, the country as a whole received rainfall of 110 per cent of its long period average (LPA). After 1994 (110% of LPA), rainfall received in 2019 (110 % of LPA) is the highest season rainfall received by the country as a whole. Out of 36 meteorological subdivisions, 2 subdivisions received large excess, 10 received excess and 19 subdivisions received normal monsoon rainfall.

As per the 4th Advance Estimates (AE) released by Ministry of Agriculture & Farmers Welfare on 23.09.2019, the total production of food grains during 2018-19 is estimated at 285.0 million tonnes which is an increase of 19.2 million tonnes over that of the previous five years' (2013-14 to 2017-18) average production (Table 1). As per the first Advance estimate for 2019-20, the total production of Kharif food grains is estimated at 140.6 million tonnes.

Production of Major Agricultural Crops (1st Advance Estimates)

Table 1: Production of Major Agricultural Crops (1st Adv. Est.)

Crops	Production (Million Tonnes)						
	2013-14	2014-15	2015-16	2016-17	2017-18 (Final)	2018-19 (4th AE)	2019-20* (1st AE)
Total Foodgrains	265.0	252.0	251.6	275.1	285.0	285.0	140.6**
Rice	106.7	105.5	104.4	109.7	112.8	116.4	100.4
Wheat	95.9	86.5	92.3	98.5	100.0	102.2	--
Total Coarse Cereals	43.3	42.9	38.5	43.8	47.0	43.0	32.0
Total Pulses	19.3	17.2	16.4	23.1	25.4	23.4	8.2
Total Oilseeds	32.8	27.5	25.3	31.3	31.5	32.3	22.4
Sugarcane	352.1	362.3	348.4	306.1	379.9	400.2	377.8
Cotton#	35.9	34.8	30.0	32.6	32.8	28.7	32.3

Source: DES, DAC&FW, M/o Agriculture & Farmers Welfare. 1st AE: 1st Advance Estimates, *Kharif crops only; # Million bales of 170 kgs. Each; **Data for Wheat is not included.

The total area sown under Rabi crops as on 24th January for the year 2019-20 stands at 654.03 lakh hectares as compared to 597.52 lakh hectare for corresponding period last year.

The milk production in the country in 2017-18 was 176.3 million tonnes which has increased to 187.7million tonne in 2018-19 and has registered an annual growth rate of 6.5% in 2018-19 over the previous year.

The total fish production in the country stood at 13.42 million metric tonnes (provisional) during 2018-19. Of this, the marine fisheries contributed 3.71 million metric tonnes and the inland fisheries contributed 9.71 million metric tonnes.

Industry

The performance of the industrial sectors based on the Index of Industrial Production (IIP) comprising mining, manufacturing and electricity shows a reasonable growth in industrial production during April-March 2018-19. According to the data on the IIP released by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MOSPI), the Index of Industrial Production (IIP) based industrial growth during April-March 2018-19, was 3.8 per cent as compared to 4.4 per cent growth achieved during the corresponding period of the previous year. Out of the three broad sectors, electricity sector has growth of 5.2 per cent during April-March 2018-19 as against 5.4 per cent growth achieved during corresponding period of the previous year. Mining and manufacturing sectors grew at 2.9 per cent and 3.9 per cent respectively in April-March 2018-19 against 2.3 percent and 4.6 per cent in the corresponding period of the previous year. During April-December 2019-20, the IIP registered 0.5 per cent growth. The growth of different used based industrial group is given below.

Growth of Index of Industrial Production (IIP) (in Per cent) (Base 2011-12=100)				
Industry Group	**Weight**	**2017-18 (April-March)**	**2018-19 (April-March)**	**2019-20 (April-December)**
Mining	14.37	2.3	2.9	0.6
Manufacturing	77.63	4.6	3.9	0.5
Electricity	7.99	5.4	5.2	0.8
Growth by use-based industrial group				
Primary Goods	34.04	3.7	3.5	0.3
Capital Goods	8.22	4.0	2.7	-12.3
Intermediate Goods	17.22	2.3	0.9	12.2
Infrastructure/Construction Goods	12.33	5.6	7.3	-2.7
Consumer Durables Goods	12.83	0.8	5.5	-6.6
Consumer Non-durables Goods	15.32	10.6	4.0	2.8
General Index	100.00	4.4	3.8	0.5
Source: CSO				

As may be seen from the table, except intermediate goods, other used based goods sector has attained higher growth in April-March 2018-19. The infrastructure/ construction goods and consumer durables goods registered higher growth of 7.3 per cent and 5.5 per cent respectively during the period in April-March 2018-19.

Infrastructure Sector

The index for eight core industries comprising coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity with a combined weight of nearly 40 per cent in the IIP grew by 4.4 per cent in April-March 2018-19 as compared to 4.3 per cent growth in April-March 2017-18. During April-March 2018-19, seven out of the eight core sectors namely coal, natural gas, refinery products, fertilizers, steel, cement, and electricity sectors achieved positive growth while crude oil sector recorded negative growth. Natural gas and fertilizers sectors registered moderate growth in April-March 2018-19. The Eight Core Industries recorded 0.2 per cent growth in April-December 2019-20.

Production growth (per cent) in Eight Core Infrastructure- Supportive Industries			
Industry	**2017-18 (April-March)**	**2018-19 (April-March)**	**2019-20 (April-December)**
Coal	2.6	7.4	-3.8
Crude oil	-0.9	-4.1	-6.0
Natural Gas	2.9	0.8	-3.8
Refinery Products	4.6	3.1	-0.6
Fertilizers	0.03	0.3	4.7
Steel	5.6	5.1	5.2
Cement	6.3	13.3	0.7
Electricity	5.3	5.2	0.5
Overall growth	4.3	4.4	0.2
Source: Office of the Economic Adviser, DPIIT (Ministry of Commerce & Industry)			

As per report on Review of Infrastructure Sector Performance for April-March 2018-19 released by Ministry of Statistics and Programme Implementation (MOSPI), in major infrastructure sectors such as, coal production, cement production, railways freight earnings, and coal handled at major ports were higher during April-March 2018-19 as compared to the same period of previous year.

Social Sector

The expenditure on social services, as a proportion of GDP, has increased by 1.5 percentage points during the period 2014-15 to 2019-20 (BE), from 6.2 to 7.7 per cent. The share of expenditure on social services out of total budgetary expenditure increased to 26 per cent in 2019-20 (BE) from 23.4 per cent in 2014-15.

India's rank in the Human Development Index (HDI) improved to 129 in 2018 from 130 in 2017, out of a total of 189 countries. With 1.34 per cent average annual HDI growth, India is among the fastest improving countries, and ahead of China (0.95), South Africa (0.78), Russian Federation (0.69) and Brazil (0.59).

To sustain this momentum in human development and to further accelerate it, the role of public sector in delivery of social services such as education and health is critical. Samagra Shiksha 2018-19 has been launched to envisage school education as a continuum from pre-school to senior secondary level and aims to ensure inclusive and equitable quality education. Besides, scaling up of the efforts to impart necessary skills through a wide network of ITIs focusing women, youth now can take up Short Term Training (STT) and get their skills certified through Recognition of Prior Learning (RPL) under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 2016-20.

Along with efforts for generating additional employment, special focus has been on improving quality of jobs and formalisation of the economy. The share of regular wage/salaried employees has increased by 5 percentage points from 18 per cent in 2011-12 to 23 per cent in 2017-18, while the proportion of workers in casual labour category has decreased by 5 percentage points from 30 per cent in 2011-12 to 25 per cent in 2017-18 with the decline being in rural areas. Total formal employment in the economy increased from 8 per cent in 2011-12 to 9.98 per cent in 2017-18. However, gender disparity in India's labour market has increased due to consistent decline in female labour force participation, especially in rural areas due to their engagement in full time domestic duties outside labour market.

Ayushman Bharat, the world's biggest health care scheme, to improve access to health and delivery of health services at massive scale, has set up 28,005 Health & Wellness Centres. Mission Indradhanush has vaccinated 3.39 crore children and 87.18 lakh pregnant women of 680 districts across the country. There has been massive increase in investment in provision of sanitation facilities to poorest of the poor sections under Swachh Bharat Mission. A Ten Year Rural Sanitation Strategy (2019-2029) has also been launched to focus on sustaining the sanitation behaviour change and increasing access to solid and liquid waste management.

External Sector

World Economic Development

According to International Monetary Fund, World Economic Outlook, October 2019, "Global growth is forecast at 3.0 percent for 2019, its lowest level since 2008-09 and a 0.3 percentage point downgrade from the April 2019 World Economic Outlook. Growth is projected to pick up to 3.4 percent in 2020 (a 0.2 percentage point downward revision compared with April)".

Overview of the World Economic Outlook Projections (Percent change, noted otherwise)

		Projections as per WEO Oct, 2019		**Difference from April 2019 WEO**	
	2018	**2019**	**2020**	**2019**	**2020**
World Output	3.6	3.0	3.4	-0.3	-0.2
Advanced Economies	2.3	1.7	1.7	-0.1	0.0
Emerging Market and Developing Economies	4.5	3.9	4.6	-0.5	-0.2
India	6.8	6.1	7.0	-1.2	-0.5
World Trade Volume (goods and services)	3.6	1.1	3.2	-2.3	-0.7

Imports					
Advanced Economies	3.0	1.2	2.7	-1.8	-0.5
Emerging Market and Developing Economies	5.1	0.7	4.3	-3.9	-1.0
Exports					
Advanced Economies	3.1	0.9	2.5	-1.8	-0.6
Emerging Market and Developing Economies	3.9	1.9	4.1	-2.1	-0.7

Source: IMF, WEO October 2019.

Further, with respect to External Sector Outlook of trade growth, WEO, October 2019 stated that "global trade growth slowed considerably in 2018 and the first half of 2019, after peaking in 2017 and is projected at 1¼ percent in 2019. The slowdown reflects a confluence of factors, including a slowdown in investment, the impact of increased trade tensions on spending on capital goods (which are heavily traded), a tech cycle, and a sizable decline in trade in cars and car parts. Global trade growth is projected to recover to 3.2 percent in 2020 and 3.75 percent in subsequent years. The waning of some temporary factors, together with some recovery in global economic activity in 2020, buttressed by a gradual pickup in investment demand in emerging market and developing economies should support the pickup in trade growth, offsetting the slowdown in capital spending in advanced economies that is projected for 2020 and beyond. However, there is sizable uncertainty concerning the future structure of value chains and the repercussions of tensions related to technology, and these could weigh on trade growth."

India's Merchandise Trade developments during 2018-19 and 2019-20 (April-January).

As per the data of Department of Commerce, the developments in India's merchandise trade during 2018-19 and 2019-20 (April-January) may be seen as under:

(Values in US$ billions)

	2017-18	2018-19	% change in 2018-19 over 2017-18	2018-19 (April-January)	2019-20 (P) (April-January)	% change in 2019-20 (Apr-Nov) over 2018-19 (Apr-Nov)
Total Merchandise Trade (Exports + Imports)	769.1	844.2	9.8	704.3	663.8	-5.7
Merchandise Exports	303.5	330.1	8.7	270.5	265.3	-1.9
Merchandise Imports	465.6	514.1	10.4	433.8	398.5	-8.1
POL Imports	108.7	140.9	29.7	119.7	108.7	-9.2
Non-POL Imports	356.9	373.2	4.5	314.0	289.9	-7.7
Trade Deficit	-162.1	-184.0	13.5	-163.3	-133.3	-18.4

Source: Department of Commerce, Ministry of Commerce and Industry.
Note: P: Provisional.

It may be seen from table above that the merchandise trade deficit had increased by 13.5 per cent to US$ 184.0 billion in 2018-19 from US$ 162.1 billion in 2017-18. During 2019-20 (April-January), trade deficit declined by 18.4 percent to US$ 133.3 billion from US$ 163.7 billion in 2018-19 (April-January).

Climate Change and Finance

Action towards climate change is an undeniable concern for humanity and it is our responsibility to address it by using all means and wherewithal at our disposal. UN Secretary General's Climate Action Summit was held on September 23, 2019 on the side lines of the UN General Assembly. In this summit, India reiterated that global actions to address climate change is not sufficient and called for a massive movement to bring about behavioural changes to tackle the problem of climate change.

In the Paris Agreement pertains to the post 2020 period, the roadmap for implementation of India's NDC is being prepared, by constituting an implementation Committee and six Sub-Committees. A Sub-committee chaired by Department of Economic Affairs, is looking into financing of India's NDCs. Climate Finance is the key pillar enabling climate actions. Under the Paris Agreement, the developed countries have made a commitment to a goal of mobilising USD 100 billion annually by 2020 for supporting climate action in developing countries. However, various analysis and reports confirms that the level of climate finance flow is considerably low.

India has taken several measures to accomplish its promises made to the International community through UNFCCC and its Paris Agreement. India has published its Second Biennial Update Report (BUR) to the UNFCCC in the month of December, 2018. The BUR report tracks India's progress in climate actions. As per the report, "emission intensity of India's Gross Domestic Product (GDP) has reduced by 21% over a period of 2005-2014." The report also states that India has taken steps like harnessing untapped potential of solar energy, carbon sequestration through National Horticulture Mission, distribution of 312 LED bulbs through 'Unnat Jyoti by Affordable LED's for All' scheme etc.

Banking Sector

NPA ratio of banks which was increasing from past few years improved in 2018-19. The performance of the banking sector (domestic operations), Public Sector Banks (PSBs) in particular, improved in 2018- 19.

The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks decreased from 11.2 per cent in March 2018 to 9.3 per cent in March 2019 and their Restructured Standard Advances (RSA) ratio decreased to 0.4 per cent in March 2019 from 0.9 per cent in March 2018. The Stressed Advances (SA) ratio decreased from 12.5 per cent in March 2018 to 9.7 per cent in March 2019. SCBs' capital to risk-weighted assets ratio (CRAR) improved from 13.7 per cent in September 2018 to 14.3 per cent in March 2019 after recapitalization of PSBs.

GNPA ratio of PSBs decreased to 12.6 percent in March 2019 from 15.6 per cent March 2018. SA ratio of PSBs decreased to 13.1 percent in March 2019 from 16.7 per cent in March 2018. PSBs' CRAR improved from 11.3 per cent in September 2018 to 12.2 per cent in March 2019.

Credit Growth

Non-Food Credit (NFC) growth, on a year-on-year (y-o-y) basis, moderated to 7.0 per cent as on 20th December 2019 from 11.9 per cent in April 2019. The moderation in credit growth was witnessed across all the major segments of non-food credit, except personal loans, which continued to grow at a steady and robust pace during 2019-20 so far. The moderation was led by a sharp deceleration in credit growth to the services sector. Credit growth to industry also witnessed a significant slowdown in the recent months.

As on 20th December, 2019, on year-on-year (y-o-y) basis, non-food bank credit growth decelerated to 7.0 per cent from 12.8 per cent as on 21st December, 2018. While credit growth to 'agriculture and allied activities' and 'industries' decelerated to 5.3 per cent and 1.6 per cent, respectively, as on 20th December, 2019 from 8.4 per cent to 4.4 per cent, respectively, as on 21st December, 2018. Credit growth to services sector decelerated sharply to 6.2 per cent as on 20th December, 2019 from 23.2 per cent as on 21st December, 2018. Personal loans growth accelerated to 15.9 per cent as on 20th December, 2019 from 14.8 per cent as on 21st December, 2018.

Major Policy Changes related to Banking Regulations

Implementation of the Guidelines on Loan System for Delivery of Bank Credit, with effect from April 1, 2019.

Guidelines on loan system for delivery of bank credit were issued on December 5, 2018, in order to enhance credit discipline among large borrowers. For borrowers with aggregate fund-based working capital limit of ?150 crore and above from the banking system, a minimum level of 'loan component' of 40 per cent of the sanctioned limit was made effective from April 1, 2019. Further, the undrawn portion of cash credit/overdraft limits sanctioned to the aforesaid large borrowers, irrespective of whether unconditionally cancellable or not, shall attract a credit conversion factor of 20 per cent, effective April 1, 2019.

Permitting One-time Restructuring of Existing Loans to MSMEs Classified as 'Standard' without a Downgrade in the Asset Classification.

A one-time restructuring of existing loans to MSMEs that were in default but with loan quality as 'standard' as on January 1, 2019, was permitted without an asset classification downgrade. The scheme is available to MSMEs qualifying with objective criteria including, inter alia, a cap of ₹25 crore on the aggregate exposure of banks and NBFCs as on January 1, 2019. The restructuring will have to be implemented by March 31, 2020 and an additional provision of 5 per cent will have to be maintained in respect of accounts restructured under this scheme.

Harmonisation of Risk Weight for Exposure to NBFCs

With a view to facilitate flow of credit to well-rated NBFCs and to harmonise risk weights applicable to banks' exposure to various categories of NBFCs under the standardised approach for credit risk management, risk weight as per the ratings assigned by the rating agencies (registered with SEBI and accredited by the Reserve Bank of India) has been made applicable to the banks' exposures to all NBFCs, excluding Core Investment Companies (CICs), in a manner similar to that of corporates under the extant regulations. Exposures to CICs, rated as well as unrated, will continue to be risk-weighted at 100 per cent.

External Benchmark Based Lending

As the transmission of policy rate changes to the lending rate of the banks under the current MCLR framework was not satisfactory, guidelines were issued to banks on September 4, 2019 mandating banks w.e.f. October 1, 2019 to link all new floating rate personal or retail loans and floating rate loans to MSE to an external benchmark as under:

a) Benchmarks: The banks are free to choose one of the several benchmarks from Repo Rate, 3 Months and 6 Months Treasury Bill yield and any other benchmark market interest rate published by the Financial Benchmark India Private Ltd (FBIL).

b) Spread: Banks are free to decide the spread over the external benchmark. However, credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. Further, other components of spread including operating cost could be altered once in three years.

c) Reset of interest rates: The interest rate under external benchmark shall be reset at least once in three months.

Monetary Developments during 2019-20

Under the revised statutory framework of 2016, the Monetary Policy Committee (MPC) of the Reserve Bank has met six times in 2019-20 so far. The bi-monthly monetary policy statements were published following each MPC meeting. Two Monetary Policy Reports (MPR) explaining the sources of inflation and forecasts of inflation were also published in April and October 2019, as required under the amended RBI Act.

In its first bi-monthly monetary policy statement for 2019-20 in April 2019, the MPC decided by a vote of 4-2 to reduce policy repo rate by 25 basis points (bps) to 6.0 per cent and maintained neutral policy stance by a majority of 5-1. With CPI inflation trajectory projected to remain well below the target rate throughout the year, the MPC's decision was guided by the need to strengthen domestic growth by spurring private investment.

In the second bi-monthly monetary policy meeting of June 2019, the MPC noted that growth impulses further weakened as reflected in widening of the output gap compared to the April 2019 policy. With inflation path expected to remain below the target in both H1:2019-20 and H2, all members of MPC unanimously decided to reduce the policy repo rate by 25 bps to 5.75 per cent and change the stance of monetary policy from neutral to accommodative.

By the time of third bi-monthly policy in August 2019, various high frequency indicators along with surveys conducted by the Reserve Bank indicated a weakening of both domestic and external demand conditions; the real GDP projections were revised downwards to 6.9 per cent for 2019-20. The inflation projections largely remained unchanged from June policy and projected to remain within the target rate. Considering these dynamics, the MPC decided to reduce the policy repo rate by 35 bps to 5.40 per cent and unanimously voted to maintain the accommodative stance of monetary policy; four members voted to reduce the policy rate by 35 bps, while two members voted to reduce it by 25 bps.

The fifth bi-monthly policy in December 5, 2019 was held in the backdrop of GDP growth moderating to 4.5 per cent in Q2:2019-20, extending the sequential deceleration to the sixth consecutive quarter. The real GDP growth for 2019-20 is revised downward from 6.1 per cent in the October policy to 5.0 per cent- 4.9-5.5 per cent in H2 and 5.9-6.3 per cent for H1:2020-21. In the fourth bi-monthly resolution of October 2019, CPI inflation was projected at 3.4 per cent for Q2:2019-20, 3.5-3.7 per cent for H2:2019-20 and 3.6 per cent for Q1: 2020-21 with risks evenly balanced. The actual Inflation outcome for Q2 evolved broadly in line with projections-averaging 3.5 per cent. The inflation print for October, however, was much higher than expected.

In the sixth bi-monthly policy in February 6, 2020, the MPC kept Repo Rate unchanged at 5.15 per cent. Reverse Repo Rate remain unchanged at 4.90 per cent and Marginal Standing Facility Rate and the Bank Rate remained unchanged at 5.40 per cent in February 2020. MPC decided to continue with teh accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target. CPI inflation projections was revised upwards to 6.5 per cent for Q4:2019-20; 5.4-5.0 per cent for H1:2020-21; and 3.2 per cent for Q3:2020-21, with resiks broadly balanced. MPC projected the real GDP growth for 2020-21 at 6.0 per cent in the range of 5.5-6.0 per cent in H1 and 6.2 per cent in Q3. MPC noted that inflation has surged above the upper tolerance band around the target in December, 2019, primarily on the back of the unusual spike in onion prices. MPC will remain vigilant about the potential generalisation of inflationary pressures.

The MPC recognizes that there is monetary policy space for future action. However, given the evolving growth-inflation dynamics, the MPC felt it appropriate to take a pause at this juncture. Accordingly, the MPC decided to keep the policy repo rate unchanged and continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

Liquidity Conditions and its Management

Systemic liquidity in 2019-20 so far has been largely in surplus since June 2019. Durable liquidity injection was undertaken through four open market operation (OMO) purchase auctions and one US$ 5 billion buy/sell swap auction all conducted during Q1:2019-20. Moreover, the Reserve Bank's forex operations augmented the domestic rupee liquidity in contrast to absorption last year. Furthermore, the statutory liquidity ratio (SLR) has been reduced by 25 bps each in four steps effective April 13, July 6, and October 12, January 4, 2020 respectively, to 18.25 per cent of net demand and time liabilities (NDTL) of banks, in accordance with the roadmap announced in December 2018 with a view to aligning the SLR with the liquidity coverage ratio (LCR). Other factors creating surplus liquidity are moderation in currency demand after two years of high demand following demonetisation.

In 2019-20, April and May were the only two months when liquidity was in deficit due to restrained government spending and high demand for cash. The unwinding of Government of India (GoI) cash balances - a regular feature every year in April - was much lower in the current year due to the imposition of the model code of conduct during elections restraining government spending. Further, rising currency demand also caused liquidity tightness in the system. Consequently, the RBI conducted a US$/INR buy/sell swap auction of US$ 5 billion for a tenor of three years in April, thereby injecting ₹34,874 crore, and two OMO purchase auctions in May amounting to ₹25,000 crore.

The increased spending by the government, net forex purchases by the RBI and return of currency to the banking system combined with the two OMO purchase auctions amounting to ₹27,500 crore conducted by the Reserve Bank resulted in surplus liquidity in June.

Developments in the G-Sec Market

During the first half of 2019-20, the 10-year benchmark G-Sec yield softened, tracking subdued crude oil prices, surplus liquidity, and four consecutive policy rate cuts amounting to 110 bps.

Initially in Q1: 2019-20, up to mid-May, 10-year benchmark yield hardened marginally on account of rise in crude oil prices. Thereafter, it largely followed a downward trend. The primary drivers for the softening of yield may be attributed to change in monetary policy stance of the US Fed (on global growth concerns and ongoing trade tensions), easing of liquidity condition of the banking system, consecutive policy rate cuts by the RBI along with change of stance from neutral to accommodative. Additionally, benign crude oil prices, expectations of meeting fiscal deficit target and announcement of overseas borrowing programme by Government of India during its budget announcement aided the sentiment.

The softening bias in the benchmark yield continued during early period of Q2: 2019-20 amidst expectation of another rate cut on the back of slowing economy. Thereafter, the yield started to harden on the back of news of launch of a new 10-year security and unexpected rise in crude oil prices.

The risk-off sentiment on account of trade related issues between US and China and rate cuts by Federal Open Market Committee (FOMC) also aided the market sentiment. The 10-year benchmark yield traded in a narrow band of 6.63-6.89 since mid-August till end-September and stood at 6.86 per cent on January 31, 2020.

Services Sector:

The services sector's significance in the Indian economy has continued to increase, with the sector now accounting for around 55 per cent of total size of the economy and GVA growth, two-thirds of total FDI inflows into India and about 38 per cent of total exports. The share of services sector now exceeds 50 per cent of Gross State Value Added in 15 out of the 33 states and UTs, with this share more than 80 per cent in Delhi and Chandigarh.

Table: Services Sector Performance in GVA

	Share in GVA (per cent)	Growth in GVA (per cent)		
	2019-20 (1st AE)	2017-18 (2nd RE)	2018-19 (1st RE)	2019-20 (1st AE)
Services	55.3	6.9	7.7	6.9
Trade, hotels, transport, communication & services related to broadcasting	18.3	7.6	7.7	5.9
Financial, real estate & professional services	21.3	4.7	6.8	6.4
Public administration, defence & other services	15.6	9.9	9.4	9.1

Source: Ministry of Statistics and Programme Implementation (MoSPI).
Note: Shares are in current prices and growth in constant 2011-12 prices; RE: Revised Estimates.
1st AE: 1st Advance Estimates

As per the First Advance Estimates for Gross Value Added (GVA) from the Ministry of Statistics and Planning Implementation, services sector growth (YoY) continued to moderate during 2019-20, reaching 6.9 per cent from 7.7 per cent in 2018-19. By sub-sector, growth (YoY) in 'financial services, real estate & professional services' decelerated to 6.4 per cent during 2019-20. However, 'public administration, defence & other services' witnessed acceleration in activity during 2019-20, with a growth (YoY) of 9.1 per cent.

FDI data from the Department for Promotion of Industry and Internal Trade shows that gross FDI equity inflows (excluding re-invested earnings) into the services sector1 witnessed a strong recovery during April-September 2019 following a decline in 2018-19. Gross FDI equity inflows jumped by 33 per cent YoY during April-September 2019 to reach US$ 17.58 billion, accounting for about two-thirds of the total gross FDI equity inflows into India during this period.

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. It is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission, monitoring of audit comments/observations, preparation of Central Government Accounts. It further assists Central Ministries/Departments in controlling the costs and prices of public services, reviewing system and procedure to optimize outputs and outcomes of public expenditure. The principal activities of the Department include 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, pre-sanction appraisal of major schemes/projects, handling bulk of the central budgetary resources transferred to State.

The business allocated to the Department of Expenditure is carried out through its Personnel & Establishment Division, Public Finance-State and Public Finance Central Divisions, Office of Chief Advisor Cost, Office of Controller General of Accounts and Central Pension Accounting Office. The Department has under its administrative control the Arun Jaitley National Institute of Financial Management (AJNIFM), Faridabad, which is an autonomous body.

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 Goods and Services Tax (GST), 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 underlying theme of the tax proposals for the Budget 2019-20 and the Taxation Laws (Amendment) Act, 2019 is to continue to provide momentum to the buoyancy in direct taxes through deepening and widening of the tax base, reducing corporate tax rate, promoting horizontal equity in personal income tax, simplifying tax procedure and enhancing the effectiveness, transparency and accountability of the tax administration. In this endeavour, a few of the legislative measures taken during FY 2019-20 are mentioned below:

(i) **Reduction in Corporate tax rate:** The Finance (No.2) Act, 2019 reduced the base corporate tax rate for small and medium sized domestic companies whose turnover does not exceed Rs 400 crore to 25 %. Further, vide the Taxation Laws (Amendment) Act, 2019, it has been provided that existing domestic companies may opt for a concessional tax regime at an effective tax rate of 25.17% (22% tax, plus surcharge at 10% and cess at 4%), if they do not avail the specified deductions and incentives. Further, new manufacturing domestic companies set up on or after 01.10.2019 may opt to be taxed at an effective tax rate of 17.16% (15% tax, plus surcharge at 10% and cess at 4%), provided that they do not avail of any specified incentives or deductions and fulfil certain pre-conditions. The domestic companies opting to be taxed under any concessional tax regime will also not be required to pay Minimum Alternate Tax (MAT). However, for companies which continue to avail incentives or deduction, the existing rate of MAT has been reduced from 18.5% to 15%.

(ii) **Relief in Personal Income tax:** Vide Finance Act, 2019, 100% tax rebate has been provided to individuals having taxable income up to Rs. 5 lakhs.

(iii) **Incentives to National Pension System (NPS) subscribers:** In order to enable the pensioner to have more disposable funds, the limit of exemption has been increased to 60% of the total amount payable to the person at the time of closure or his opting out of the scheme. Further, section 80CCD of the Income-tax Act, 1961 has been amended to increase the limit from 10 to 14% of contribution made by the Central Government to the account of its employee. In addition, any amount paid or deposited by a Central Government employee as a contribution to his Tier-II account of the new pension scheme shall be eligible for deduction under section 80C subject to the specified conditions.

(iv) **Faceless e-assessment:** In order to remove the existing human interface and personal interaction prevailing in the assessment procedure, a scheme of anonymized, jurisdiction-free and faceless assessment in electronic mode involving no human interface has been notified.

(v) **Pre-filling of return:** In order to make tax compliance more convenient, pre-filled Income tax Returns (ITR) have been provided to individual taxpayers. The ITR form now contains pre-filled details of salary income, house property income, capital gains from securities, bank interest, dividends and various tax deductions.

(vi) **Interchangeability of PAN and Aadhaar -** To enable a person who does not have PAN but has Aadhaar, use Aadhaar in place of PAN, while entering into certain reportable transactions, PAN will be allotted to such person on the basis of Aadhaar after obtaining demographic data from UIDAI.

(vii) **Promoting Digital Payments** : Vide the Finance (No. 2) Act, 2019, section 269SU has been introduced in the Act with effect from 01.11.2019 to provide that every person, carrying on business whose total sales exceed Rs 50 cr. in the year immediately preceding the previous year, shall provide facility for accepting payment through the prescribed electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person.

(viii) **Simplification of compliance norms for Startups:** Various steps have been undertaken by the Government to provide a hassle-free tax environment to the startups. CBDT has reiterated that the outstanding income-tax demand relating to additions made under section 56(2)(viib) of the Act (angel tax) would not be pursued and no communication in respect of outstanding demand would be made with the Start-up entity. Further, other income-tax demand of the Start-ups would not be pursued unless the demand was confirmed by ITAT. CBDT has also constituted a Start-up Cell under the aegis of Member (IT&C), CBDT to redress grievances and to address various tax related issues in the cases of Start-ups.

(ix) **Initiatives to promote housing:** For realisation of the goal of 'Housing for All' and affordable housing, the provision of tax holiday has been extended up to 31.03.2020 for developers of affordable housing. Further, an additional deduction of up to Rs. 1,50,000/- for interest paid on loans borrowed up to 31.03.2020 for purchase of an affordable house valued up to Rs. 45 lakh has been provided.

(x) **Boost to Automobile Industry:** In order to provide relief to tax payers purchasing new vehicles for the purpose of business or profession, enhanced depreciation of 30 % and 45 % have been notified for motor cars and motors buses/lorries. In addition to this, in order to promote electrical vehicles, deduction in respect of interest on loan taken for purchase of an electrical vehicle from any financial institution up to a maximum of Rs1,50,000/- has been provided.

3. During the Financial Year 2019-20, the Government has taken several steps, by way of policy-level initiatives and more effective enforcement actions on the ground to tackle the issue of black money. These steps include legislative and administrative measures, creation of more advanced systems and processes with due focus on capacity building and greater use of information technology. The efforts made to combat the menace of black money are as follows:

i. **Search and seizure and survey actions:** During F.Y. 2019-20 (up to October, 2019), search and seizure actions were carried out in over 750 groups. The actions in these cases led to seizure of assets worth over Rs. 810 crore and an admission of undisclosed income of over Rs. 4,390 crore. Further, during the same period, over 3,920 surveys were conducted leading to detection of undisclosed income of over Rs. 10,630 crore.

ii. **Prosecutions & compounding:** Various measures have been taken by the Income-Tax Department in the recent past to strengthen the prosecution mechanism with a view to identify the prosecutable cases at the earliest and pursue the same with due seriousness. During F.Y. 2019-20 (up to October, 2019), 720 prosecution complaints have been filed, 760 cases have been compounded and 28 persons have been convicted.

iii. **Actions under The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ("the BM Act"):** The BM Act has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad. As an outcome of the actions taken by the Income-Tax Department under the BM Act, till 31/10/2019, undisclosed foreign assets and income valued at over Rs. 12,500 crore (subject to fluctuations in currency conversion) have been detected. During FY 2019-20 (till 31.10.2019), in 18 more cases, information has been sent to Enforcement Directorate for action under PMLA, 2002. Further, as on 31.10.2019, 35 prosecution complaints have been filed under the BM Act during the year.

iv. **Actions under the Prohibition of Benami Property Transactions Act, 1988 ("the Benami Act"):** The Benami Transactions (Prohibition) Amendment Act, 2016 was enacted to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of benami property and prosecution of the *benamidar(s)*, beneficial owner(s) and/or abettor to such benami transactions. During the F.Y. 2019-20 (up to October, 2019), show cause notices for provisional attachment of *benami* properties were issued in over 130 new cases and provisional attachment has been made in 115 cases. The value of properties under attachment is over Rs.2,240 crore. In more than 290 cases, references have been made to the Adjudicating Authority under the Act. Further, in over 770 cases, the Adjudicating Authority has confirmed the orders of provisional attachment passed by the ITD.

v. **Investigation in foreign assets cases:** In **HSBC bank accounts cases**, undisclosed deposits made in unreported foreign bank accounts of about Rs.8,400 crore have been brought to tax. Further, concealment penalty of about Rs.1,200 crore has been levied in 172 cases. So far, 204 prosecution complaints in HSBC cases have been filed in 89 cases. In **International Consortium of Investigative Journalists (ICIJ) cases**, more than Rs.11,010 crore of credits in the undisclosed foreign accounts have been detected so far and 99 prosecution complaints in 58 such cases have been filed before criminal courts. Investigation in the **Panama Paper Leaks cases** have led, as on 31.10.2019, to conduct of search and seizure action in 64 cases and survey action in 12 cases. In 38 cases, criminal prosecution complaints have been sanctioned; notices under section 10 of the Black Money Act issued in 53 cases. Investigations so far have detected undisclosed foreign investments of about Rs.1,565 crore. In **Paradise paper cases**, as on 31.10.2019, search & seizure and/or survey has been conducted in 31 cases, notices under section 10 of the Black Money Act have been issued in 40 cases; criminal prosecution complaints have been filed in 7 cases and undisclosed foreign investments have been detected of approx. Rs.210 crore.

4. CBIC has put in place non-intrusive methods of examination and checking by installing X-Ray Baggage Inspection Systems, Container Scanners and Pallet Scanners to check smuggling by concealment besides deploying marine vessels for patrolling. Indian Customs has participated in various global multilateral enforcement operations from time to time organized by World Customs Organization (WCO). WCO is an intergovernmental organization comprising customs administration of 180 countries comprising 98% of world trade.

5. The revenue contribution by way of excise duty/ cesses of petroleum sector to central exchequer in 2018-19 was Rs 2,31,000 crore. The central excise duty rates on petrol and diesel are calibrated from time to time taking into account the crude prices and the exchange rate. The excise duty rates on petrol and diesel were reduced by Rs 2 per litre in Oct 2017, and by Rs 1.5 per litre in Oct 2018. In this year budget, the excise duty was raised by Rs 2 per litre as the prices of crude softened to about USD 60/ bbl of crude as compared to a high of about USD 85/bbl in Oct 18. Exchange rate also softened during this period. Thus, increase in excise duty rate by Rs 2 a litre, while helped in generating annual revenue of about Rs 28000 crore, did not cause significant hardship to consumer in view of the lowering of price otherwise on account of softening of cost of crude. Also, it is a conscious policy of the Government to reduce dependence on fossil fuels (which in any case are largely imported), incentivize new renewables like solar, wind and also to incentivize use of EVs. Therefore, there is considerable justification for imposing higher taxes on fossil fuels.

6. **ICEDASH (Indian Customs EDI Dashboard)** is an extremely handy, user friendly, informative Dashboard which is automatically populated to indicate the Customs station-wise performance in regard to time taken for clearance of imports. This is mapped against the target time to enable the field formations to monitor on real time basis whether or not their performance is below par and take remedial steps, whenever needed. It also enables comparison across similarly placed Customs stations. ICEDASH also shows the progress made in the last one month for each Customs station. Thus, it is a powerful tool for real time monitoring of import clearances. Further, it uses the colour coding like Green for clearances where time is less than 36 hours, red for clearances taking more than 72 hours and amber for time in between two

extremes. This tool has actually altered the behaviour of the officers as they are now aware that their performance is being monitored by higher authorities.

7. **e-SANCHIT :** The Single Window Interface for Facilitation of Trade (SWIFT) was initiated as part of the "Ease of Doing Business" initiatives to facilitate Trading Across Borders in India. The objective of the project is to allow importers and exporters a facility to lodge their clearance documents online at a single point without/ with minimal interface with regulatory authorities. One of the key initiatives to facilitate online clearance at a single point, is the paperless processing application e-SANCHIT. E-SANCHIT is an online application that allows a trader to submit all supporting documents for clearance of consignments electronically with digital signatures. By using eSANCHIT, a trader does not have to approach different regulatory agencies with hard copy of the documents thereby making the entire process of consignment clearance faceless and paperless. After implementing a successful pilot in October, 2017, e-SANCHIT was made mandatory on import side from 1st April, 2018 at all the Customs EDI locations in the country. From 2019, measures were initiated wherein more number of PGAs (Participating Government Agencies) have also been brought on the e-sanchit platform. The department has even taken measures for automatic registration of the PGAs in the system. Further, e-sanchit is now being revamped from December 2019 by way of introducing unique document codes in the customs system which further enables more efficient customs administration. With eSANCHIT facility the need for paper documentation and consequent physical touch point for every stage of clearance has drastically come down. It has resulted in substantial reduction in time and cost.

8. **Turant Customs :** In line with the drive to improve India's standing in the Ease of Doing Business index, the department has launched several new measures under the umbrella of Turant Customs, for which a circular was issued in March 2019. Reforms have been made in customs procedures wherein goods can be given faster clearances by new initiatives such as automated queuing of bills of entry before customs officers which now does away with the need for the trade to come forward physically for clearance of goods. Other initiatives such as virtual assessment under the umbrella of Turant customs are also being introduced on pilot basis.

9. A streamlined scheme has been launched for promoting **'Make in India'** by allowing **manufacturing in Customs Bonded Warehouse** with single point approval, digital account keeping and simplified compliance requirements.

The objective is to give an impetus to the 'Make in India' policy of the government through a scheme under Section 65 of the Customs Act, 1962(hereinafter referred to as 'the Act'). Section 65 of the Act enables conduct of manufacture and other operations in a Customs-bonded warehouse. For this, Manufacture and other Operations in Warehouse Regulations 2019 and Circular 34/2019-Customs dated 1st October 2019 issued by CBIC provide clarity on process, taxability and documentation requirements for units operating under Section 65 of the Act. The scheme is streamlined with clear and transparent procedures, documentation and compliance requirements. The main features of the scheme are as below -

(i) A single application cum approval form has been prescribed for uniformity of practice and certainty of outcomes. There shall also be a single point of approval to set up and oversee the operation of such units, viz., the jurisdictional Commissioner of Customs.

(ii) There shall be no geographical limitation on where such units can be set up.

(iii) The scheme would also enable efficient capacity utilization, as there is no limit on quantum of clearances that can be exported or cleared to the domestic market.

(iv) A single digital account has been prescribed for ease of doing business and easy compliance.

This will play a critical role in promoting investments into India and enhancing ease of doing business.

10. Evolution of GST- An instrument of economic development

- GST was rolled out with effect from 1st July, 2017 with a motto of "One Nation One market, One Tax". It consolidated a myriad and complex rate structure with multitude of rates, varying with states, local bodies etc., and with huge cascading into one tax and a simplified procedural regime. The scale of reform was gigantic and the law and regime evolved in an inclusive way. There has been extensive participation of all stake holders.
- One common tax across the length and breadth of the country, while ensured that all inter-state trade barrier had gone, logistic became efficient with turn -around time transport decreasing significantly, cascading of taxes gone and a transparent, neutral, efficient tax regime coming into existence, it also evoked huge response as the entire nation looked at the taxes exactly the same way. Council responded swiftly, glitches have been addressed quickly and necessary changes were made timely. Procedural glitches were addressed at fast pace.
- While continuous improvements are being made in an extremely responsive way in GST, never the less it has been a defining and unprecedented tax reform in India.

- In certain opinions it has been argued that the manner of implementation of GST may have had certain adverse impact. However, these views /opinions were not based on any sound fundamental study, ignoring the benefits accrued to trade and consumer on account of single tax across country, uniform automated business processes, removal of check post at boarders, logistic becoming efficient, lowering of effective tax rates, tax incidence going down almost on all supplies. Creating a single common tax with uniform law and procedure in such a diverse country in itself is such a gigantic reform.
- It has also been argued that the present rate slabs are too many and that GST compliance needs a substantial simplification. The GST rate structure has evolved with extensive deliberations in GST Council and the four-rate structure is a huge simplification over the multitude of taxes and cess with multiple state wise rates. GST rate structure has been further simplified after roll out of GST. 28% slab has been pruned by 90% and now only a handful items, most of which being luxury or sin goods remain in 28% slab.

11. **Evolution of GST rate structure**

- The GST rates on goods and services were initially fitted into 4 slabs i.e 5%, 12%, 18% and 28%, largely based on the Pre-GST indirect tax incidence both of Centre and States, including the embedded taxes. The GST rates were fixed based on the pre-GST tax incidence. However, 28% rate slab has since then been pruned considerably (229 commodities to 29 commodities now). 28% list now has tobacco products, automobile, auto parts, cement and certain white goods like air conditioners, large TVs.
- The GST Council has reviewed the rates in a number of its meetings and has suggested revision in the GST rates on around 400 commodities and 77 categories of services, since July 2017. These rate rationalizations have reduced the cost to the consumers thus increasing the purchasing capacity/ consumption.

4. Department of Investment and Public Asset Management

The Department of Disinvestment was set up as a separate Department on 10th December, 1999 and was 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.

The Department of Disinvestment has been re-named as Department of Investment and Public Asset Management (DIPAM) with effect from 14th April, 2016.

5. Department of Financial Services

As per Allocation of Business Rules (AOBR), functions of Department of Financial Services (DFS) inter-alia include matters pertaining to Banking, Insurance, Pension Reforms, and Financial Institutions. The Department of Financial Services (DFS) oversees several key programs / initiatives and reforms of the Government concerning the Banking Sector, the Insurance Sector and the Pension Sector in India. The key flagship schemes being currently run / managed by the Department include the Pradhan Mantri Jan Dhan Yojana (PMJDY), Stand Up India, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Mudra Yojana (PMMY), Atal Pension Yojana (APY) and the Pradhan Mantri Vaya Vandana Yojana (PMVVY).

The Department provides policy support to the Public Sector Banks (PSBs), Public Sector Insurance Companies (PSICs) and Financial Institutions (FIs) like NABARD, SIDBI, NHB, IFCI, EXIM, IIFCL etc. through policy guidelines, legislative and other administrative measures. It also monitors the performance of these PSBs, PSICs and FIs and undertakes policy formulation in respect of the Banking and Insurance Sector in India. DFS also deals with legislative and other issues pertaining to the concerned regulatory bodies such as the Insurance Regulatory and Development Authority of India (IRDAI), the Pension Fund Regulatory and Development Authority (PFRDA) and certain legislative matters related to Reserve Bank of India (RBI).

The latest information on number of banks and insurance companies is as follows:

Scheduled Commercial Banks (as on 30.09.2019)	
Public Sector Banks	18
Private Sector Banks	22
Small Finance Banks	10
Regional Rural Banks	45
Foreign Banks	46
TOTAL	141

Source : RBI

Details of Insurance Companies are as follows:

	As on 30.09.2019		
	Private Sector	Public Sector	Total No. of Insurers (Public & Private)
Life Insurers	23	1	24
General insurers	21	4	25
Specialized Institutions	-	2	2
Stand-alone Health Insurers	7	-	7
Reinsurers (including Foreign Reinsurers Branches/Lloyd's India)	11	1	12
TOTAL	62	8	70

In addition to the aforesaid policy issues, the Department is also responsible for certain functional issues concerning the Regulatory Bodies [RBI, IRDAI and PFRDA], the PSBs, PSICs and Financial Institutions. Foremost among these functional issues is the appointment of key functionaries of Governor / Deputy Governor of Reserve Bank of India, Chairman / Members of IRDAI and PFRDA, Chairman / Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs) etc of public sector banks, insurance companies and other financial institutions. Matters relating to international banking relations are also dealt with by the Department.

Chapter - I

Department of Economic Affairs

1. Economic Division

1.1 The Economic Division tenders expert advice to the Government on important issues of economic policy. The Division monitors economic developments-domestic and external and advises on policy measures relating to macro management including agriculture, industry and infrastructure sectors of the economy. As part of its regular activities, the Economic Division brings out the Economic Survey annually, which is laid before both the Houses of Parliament one day before the presentation of the Union Budget.

1.2 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 lay it before both the Houses of 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.

1.3 The Economic Division also brings out the Economic and the Functional Classification of the Central Government's Budget, which is circulated among 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.

1.4 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, balance of payments and monetary situation. It also monitors the price situation on a weekly basis. In addition, the Division undertakes short term forecasting of key economic variables.

1.5 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 the World Trade Organisation (WTO) etc. The Division works in close cooperation with the Reserve Bank of India, the NITI Ayog, the Central Statistical Organisation, the Ministry of Commerce and Industry and the Economic and Statistical Wings of their Ministries. An international Seminar the 7th Delhi Economics Conclave-(2017) was organized on 22.07.2017 wherein researchers, policy makers, industry leaders, bankers and economists & academicians from India and abroad participated.

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

- Macro
- Public Finance
- Agriculture and Food Management
- Industry and Infrastructure
- Social Infrastructure, Employment and Human Development
- Trade and Global Economic Development
- External Debt Monitoring and Balance of Payments
- Services Sector
- Prices
- Money and Banking
- Climate change finance
- Coordination
- IES Cadre Unit

Macro Unit

1.7 The Macro unit, Economic Division is primarily responsible for : (a) Monitoring macroeconomic parameters, such as, GDP, savings and investment and analysis of macroeconomic trends; (b) Preparation of Economic Survey (c) Preparation of Monthly Economic Report; (d) Country coordination for Special Data Dissemination Standard (SDDS); (e) Updating of the National Summary Data Page of the economy for web-post in the Ministry of Finance's website; (f) Annual updating of metadata in SDDS; (g) Preparation of State of Economy brief, giving an overview of the current economic situation; (h) Preparation of briefs, material/ speeches for G-20, World Bank, IMF and other meetings; (i) Framing replies of parliament questions.

1.8 Budget Related Work: (a) Preparation of Macro-Economic Framework Statement for the Union Budget every year; (b) Macroeconomic backdrop for the statement on half yearly review of the trends in receipts and expenditure in relation to the budget at the end of first half and second half of financial year; (c) Projection of GDP for giving to the Budget Division before the preparation of budget.

Public Finance Unit

1.9 Public finance unit is responsible for: (a) Economic and Functional Classification of Central Government Budget; (b) Statistical Album on Public Finance, including budgetary transactions of Centre, State and Union Territories; (c) Preparation of information for Government Finance Statistics (GFS) Yearbook to be sent to International Monetary Fund (IMF); (d) Monitoring of Central fiscal parameters, such as, fiscal deficit, revenue deficit, aggregate expenditure; (e) Policies relating to central plan outlays, resources and expenditures; (f) Review of Fiscal position and analysis of fiscal issues; (g) Analysis relating to tax measures, direct and indirect tax proposals/ reforms; (h) Providing inputs towards Macro-Economic Framework Statement for the Union Budget every year.

Agriculture and Food Management Unit

1.10 Agriculture and Food Management unit is responsible for: (a) Providing policy advice on issues and matters related to Agriculture and Food Management; (b) Examining/ Appraising Cabinet/ CCEA/ CoS/ EFC and other policy notes on fixing Minimum Support Prices (MSPs) for major crops/crop insurance policy/ other agricultural policies including those related to change duty structure; (c) Pre-Budget meetings with stakeholders in farm sector; (d) Briefs for and appearances before the Parliamentary Standing Committee on Agriculture related issues; (e) Participation/Membership of Committees on related subjects like Private Entrepreneurs Guarantee (PEG) schemes of Food Corporation of India (FCI); (f) Analyzing production and area sown in Rabi and Kharif crops; (g) Occasional review/ reports on specific issues as and when required like “Incentivizing Pulses Production Through Minimum Support Price (MSP) and Related Policies”; (h) Periodical monitoring of progress of Area sown/ Monsoon/ Rainfall distribution using inputs of the Crop Weather Watch Group (CWWG); (i) Analytical issues related to Public Distribution System (PDS), buffer stock norms and food security and MSP analysis like proportion of sales below MSP in several markets during the procurement season; (j) Analysis of issues related to Allied sectors like dairy sector, fisheries, forestry and food processing; (k) Preparation of the Chapter on ‘Agriculture and Food Management’ for Annual Economic Survey (Volume 1 and Volume 2); (l) Handling VIP/ Parliament/ Other references and Private Member Bills related to agriculture and food management; (m) Offer comments on Studies/ MoUs/ International Agreements/ Income tax exemptions to International Organizations dealing with agriculture & food management.

Industry and Infrastructure Unit

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

Social Infrastructure, Employment & Human Development

1.12 The unit is responsible for: (a) Providing policy advice on issues related to social infrastructure, employment and human development; (b) Analysis of labour issues, employment trends, health, education and other topics concerning social sector; (c) Examining/ Evaluating results of employment and unemployment surveys; (d) Examine/ Appraise Cabinet Notes/CoS/EFC/ SFC/PIB/CEE notes on labour and skill development including various issues related to health, education, social empowerment, gender issues, rural development etc. those received from the other Divisions in DEA; (e) Participation/membership of Standing Committee on Labour Force Statistics; (f) Preparation of chapter on ‘Social Infrastructure, Employment and Human Development’ for Annual Economic Survey (Vol.-I & II); (g) Pre-budget meetings with labour unions, civil society organizations, health, welfare and women’s organizations/ experts etc.; (h) Handling VIP/Parliament/Other references related to the themes in social sector; (i) Occasional review/reports on specific issues as and when required; (j) Organizing workshops/inter-departmental meetings on specific themes

Trade and Global Economic Development Unit

1.13 The unit is responsible for the following: (a) Monitoring India’s merchandise trade and its share in world trade; (b) Analysis of commodity composition and direction of merchandise trade; (c) Examining India’s bilateral trade with other Country (ies)/ Region(s); (d) Monitoring global economic developments; (e) Providing policy advice with respect to matters relating to India’s Merchandise Trade, in the backdrop of changing global economic situations; (f) Providing comments on Cabinet/ CCEA/ EFC/ GoM/ Policy notes, relating to trade. (g) Drafting and finalizing the portion relating to Trade and Global Economic Development in External Sector Chapter for Economic Survey. (h) Providing inputs w.r.t. trade for Monthly Cabinet Report and Monthly Economic Report.

External Debt Management Unit (EDMU) & Balance of Payments (BoP)

1.14 The Unit brings out an Annual Status Report of

India's External Debt and Quarterly Report on India's External Debt for the two Quarters ending September and December based on information provided by Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI), Office of Controller of Aid, Accounts and Audit (CAAA) and Ministry of Defence. The Unit is also responsible for collection, compilation and supply of India's external debt data to World Bank on a quarterly basis for their centralized database system called 'Quarterly External Debt Statistics (QEDS)' in compliance with IMF's Special Data Dissemination Standards (SDDS) requirements and supply of inputs to CAA&A for onward submission to the World Bank for 'Global Development Finance' report. The Unit is responsible for monitoring developments in India's BoP, foreign exchange reserves and handling matters pertaining to Short-term Balance of Payments (STBoP) Monitoring Group. Other responsibilities include drafting chapter on the External Sector for Economic Survey with inputs from EDMU and Trade Unit, providing comments on Cabinet and GoM notes.

Services Sector Unit

1.15 The unit is responsible for: (a) Preparing the Chapter on Services Sector for the Economic Survey; (b) Monitoring the performance of services trade; (c) Parliament Matters; (e) Comments on Notes related to trade in services, WTO negotiations in Services, etc.

Prices Unit

1.16 The unit is responsible for: *(a) Inflation monitoring based on the following Price Indices:* (i) Wholesale Price Index (WPI), base: 2011-12=100; (ii) Consumer Price Index (CPI)- Rural, Urban, Combined, base: 2012=100; (iii) Consumer Price Index for Industrial workers (CPI-IW), base: 2001=100; (iv) Consumer Price Index for Agricultural Labourers (CPI-AL), based on 1986-87=100; (v) Consumer Price Index for Rural Labourers (CPI-RL), based on 1986-87=100. *(b) Price/inflation related issues:* (i) issues related to domestic and international price behavior; (ii) issues related to seasonal price behavior; (iii) issues related to Price Policy and inflation management; (iv) Preparation of Monthly Inflation Reports; (v) Drafting chapter on prices for pre-budget Economic Survey. *(c) Committees/ Working groups:* (i) Participation in the various committees on price indices (CPI, WPI and RESIDEX); (ii) Participation in Macro financial monitoring group constituted under DEA; (iii) Participation in the meeting of Committee of Secretaries on Review of prices of essential commodities.

Money and Banking Unit

1.17 The unit is responsible for: (a) Monitoring of money market trends and developments in monetary policy; (b) Monitoring of banking policy and aggregate trends in credit flows; (c) Fortnightly analysis of the monetary parameters; (d) Monitoring yields on G-Sec/ Treasury Bills; (e) Monitoring behavior of Call Money Rates and LAF operations; (f) Periodical updates on monetary policy and Quarterly Reviews of RBI.

Climate Change Finance Unit

1.18 (a) The Climate Change Finance Unit serves as the nodal point on all financing matters related to climate change in the Ministry of Finance. (b) 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 (UNFCCC), G20. (c) 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. (d) The unit frames inputs on an on-going basis on issues related to National Action Plan on Climate Change and emerging issues like green growth, innovative and affordable financing options for sustainable development by preparing positions papers and analysis of technical issues and policy options. (e) The unit is also responsible for preparing and finalizing chapter on climate change and sustainable development for the Economic Survey.

Coordination Unit

1.19 The unit is responsible for: (a) Internal administration and coordination in Economic Division; (b) Organizing Finance Minister's Pre-Budget meetings with various stake holders; (c) Nomination of officers of Economic Division for Foreign Deputation to OECD meetings and other meetings and workshops; (d) Coordination with all Units of Economic Division for publishing Economic Survey and laying them before Parliament; (e) Preparation of Annual Report of Department of Economic Affairs (portion relating to Economic Division); (f) Organizing Delhi Economic Conclave, the annual International Conference on thematic issues; (g) Coordination of Parliament work, RTI matters, VIP references, public grievances etc; (h) All administrative matters of Economic Division, for example transfer/posting of Officers of Economic Division within Economic Division.

IES Cadre unit

1.20 The unit is responsible for: (a) Career Management and Placement of Officers; (b) Direct Recruitment into IES through Examination conducted by UPSC; (c) Examination Rules & Syllabus for IES Examination; (d) Promotion of Feeder Post Holder to Junior Time Scale (Entry level) of IES; (e) IES (service) Rules and policy Matters pertaining to IES; (f) Promotions/ non-functional Up-gradations to various levels by conduction/ arranging meetings of the Departmental Promotion Committee; (g) Cadre Clearance for Deputation, study leave and other kinds of leave; (h) Empanelment of officers at various levels; (i) Seniority List/ Civil list of IES Officers; (j) Seniority of Officers in the Feeder Grade and Roster Management of Induction Quota; (k) Training Programmes for In-Services officers and Probationers based on training needs assessment for capacity building of officers; (l) Cadre Review and restructuring of IES; (m) Maintenance of APARs of IES officers; (n) Budget of IES Cadre, Annual Accounts etc.; (o) Court Cases, Vigilance Cases and Disciplinary Matters; (p) Maintenance of IES website.

2. Budget Division

2.1 RESPONSIBILITIES

2.1.1 Budget Division is responsible for the preparation of and submission to the Parliament, the Annual Budget as well as Supplementary and Excess Demands for Grants of the Central Government and of States under President's Rule. The Division also deals 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 administration of Contingency Fund of India. Processing of proposals from other Ministries/ Departments for re-appropriation of savings in a Grant where prior approval of the Ministry of Finance is required is also a part of the work handled by Budget Division. The Division also handles the issues pertaining to 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.

2.1.2 Budget Division is assigned the 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. Entrustment/re-entrustment of audit of various autonomous bodies/ organisations to the C&AG of India is also dealt by this Division.

2.1.3 The Budget Division is 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. Statements of Fiscal Policy, Half yearly Reviews including Mid-term Review and disclosure statements were presented in Parliament in accordance with the requirements of the FRBM Act.

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

2.1.5 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 by the Division.

2.2 SUPPLEMENTARY DEMANDS SECTION:

2.2.1 Supplementary Demands Section is assigned with coordination and presentation of Supplementary Demands for Grants, Demands for Excess Grants and the connected Appropriation Bills and Parliamentary work. Other activities of the Section relate to administration of the Contingency Fund of India Act. This Section is also assigned the work of overall policy related to Central Government Guarantees.

2.2.2 During Financial year 2019-20, the First Batch of Supplementary Demands for Grants 2019-20 and connected Appropriation Bill 2019 was presented and passed by the Parliament in December, 2019. The Second Batch of Supplementary Demands for Grants 2019-20 is likely to be laid in the Parliament in the month of March 2020.

2.3 STATES SECTION:

2.3.1 States Section is assigned the work relating to the following:

- Release of States' share of Central Taxes and duties to State Governments as per approved recommendations of the Finance Commission.
- Work relating to the Constitution of the Finance Commission and processing of its reports.
- Matters relating to financial provisions of various States' Re-organisation Acts Monitoring and review of repayment of Central loans and payment of interest by State Governments.
- Processing and presentation of Budget and Supplementary Demands for Grants to Parliament in respect of States/Uts with Legislature under President's Rule.

2.3.2 During the period, Budget Division has examined the recommendations made by the Fifteenth Finance Commission, seeking approval of the Cabinet to implement major recommendations relating to tax devolution and Local Body Grants to States to be released to States during the financial year 2020-21. The first Report has been laid in both Houses of the Parliament on 1.2.2020 along with an Explanatory Memorandum as to the Action Taken Note on the recommendations made by the Fifteenth Finance Commission.

2.4 PLANNING AND ALLOCATION SECTION:

2.4.1 The Planning & Allocation Section is responsible for finalization of Ministry/Department wise Gross Budgetary Allocation, finalisation of estimates of Extra-budgetary Resources(EBRs) and their monitoring, reporting, etc.

2.4.2 The details of EBRs raised are provided in Statement 27 of Expenditure Profile of Union Budget (2020-21).

2.5 NATIONAL SAVINGS SECTION:

2.5.1 Small Savings Schemes:

Following Small Savings Schemes are currently administered by Budget Division in Department of Economic Affairs:

- Post Office Savings Account
- National Savings Time Deposits (1,2,3 & 5 years)
- National Savings Recurring Deposits
- National Savings Monthly Income Scheme

- Senior Citizens Savings Scheme
- National Savings Certificate (VIII-Issue)
- Public Provident Fund
- Kisan Vikas Patra
- Sukanya Samriddhi Account.

2.5.2. Small Savings Collections:

The gross deposits under various Small Savings Schemes during 2019-20 are estimated (RE) at Rs. 828519.55 crore as against the deposit of Rs. 680021.32 crore during 2018-19. An amount of Rs. 16300 crore (RE) is estimated to be transferred, as share of net small savings collections and amount received on redemption of securities to the states of Arunachal Pradesh, Kerala, Madhya Pradesh and UT of Delhi during the current fiscal, as against the sum of Rs. 12193.06 crore transferred to these States and UTs (with Legislature) during 2018-19.

2.5.3. National Small Savings Fund:

In order to account for all the monetary transactions under Small Savings Schemes of the Central Government under one umbrella, the "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 were being invested in the Special Securities of State Governments and U.T.s (with legislature), in addition to the special securities of the Central Government. However, based on the recommendation of the Fourteenth Finance Commission, it has been decided to advance NSSF loans only to the willing States w.e.f. 01.04.2016. Accordingly, only four States, namely, Arunachal Pradesh, Delhi, Kerala and Madhya Pradesh have opted for the NSSF loan. Besides, it has been decided to invest NSSF corpus in various Public Agencies (National Highways Authority of India, Food Corporation of India, Air India etc.). During the current financial year, an amount of Rs. 144517.86 crore is estimated to be extended in these agencies.

2.5.4. Interest Rates on Small Savings Instruments

Interest rates on Small Saving Schemes are decided/notified by Government every Quarter of the Financial Year.

The rate of interest on Small Savings Schemes is decided in view of the recommendations of Shyamala Gopinath Committee. The committee has recommended to align the rate of interest on Small Savings Schemes with the G-sec rates of similar maturity.

The rates of interest on various Small Saving Schemes for the FY 2019-20 is given below:

Rate of interest in FY 2019-20 (in %)

Instrument	Quarter I	Quarter II	Quarter III	Quarter IV
Savings Deposit	4.0	4.0	4.0	4.0
1 Year Time Deposit	7.0	6.9	6.9	6.9
2 Year Time Deposit	7.0	6.9	6.9	6.9
3 Year Time Deposit	7.0	6.9	6.9	6.9
5 Year Time Deposit	7.8	7.7	7.7	7.7
5 Year Recurring Deposit	7.3	7.2	7.2	7.2
5 Year SCSS	8.7	8.6	8.6	8.6
5 Year MIS	7.7	7.6	7.6	7.6
5 Year NSC	8.0	7.9	7.9	7.9
PPF	8.0	7.9	7.9	7.9
Sukanya Samriddhi Account	8.5	8.4	8.4	8.4
Kisan Vikas Patra	7.7 (will mature in 112 months)	7.6 (will mature in 113 months)	7.6 (will mature in 113 months)	7.6 (will mature in 113 months)

2.6 WAYS AND MEANS SECTION

2.6.1 Government Borrowings

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

2.6.1.2 The Central Government's normal borrowing through issue of dated securities for financing the fiscal deficit was budgeted in BE 2019-20 at ₹ 7,10,000 crore (Gross) and ₹ 4,23,122 crore (net). In the financial year 2018-19, an aggregated amount of ₹ 5,71,000 crore was mobilised through issuance of dated Securities as Government borrowing.

2.6.1.3 The weighted average yield and maturity of dated securities issued during 2019-20 (April 2019 to January 2020) were 6.84% and 16.15 year respectively, as compared to 7.84% and 14.92 years in the corresponding period of the financial year 2018-19. The final position of issuance of Government securities will only be known at the year-end as the issuance/repayment, buyback, switching and market making are in progress.

2.6.1.4 Detailed analysis of debt and liabilities of the Government is brought out in the annual status papers. The last updated 'Status Paper on Government Debt' for the year 2017-18 was released in December 2018, which is available on http://dea.gov.in/documents-reports.

2.6.2 Cash Management

2.6.2.1 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 and F.No. 4(10)-W&M/2016 dated August 4, 2016 and F.No.15(39)-B(R)/2016 dated August 22, 2017. According to the revised guidelines on the cash system vide Budget Division's OM No.12(15)-B(W&M)/2019 dated 27.12.2019, all the Demand controlling authorities 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 25 per cent of Budget Estimate and MEP for the month of March may not exceed 10% of Budget Estimate (BE).

2.7 FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT SECTION

2.7.1 Administration of Fiscal Responsibility and Budget Management Act (FRBM), 2003 and the Rules framed there under is the prime function of the FRBM Section. 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 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.

2.7.2 During the period from April 1, 2019 to December 31, 2019, in compliance with the relevant provisions of the FRBM Act and Rules framed thereunder the following documents were prepared and laid before both Houses of Parliament:

1) Statements of fiscal policy presented with Regular Budget 2019-2020.
a) Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement
b) Macro-Economic Framework Statement
2) Disclosure statements:
a) Tax Revenues raised but not realised
b) Arrears of Non-Tax Revenues
c) Asset Register
3) Half yearly Statements on Review of the trends in receipts and expenditure in relation to the budget at the end of-
a) Second Half of the financial year 2018-19
b) First Half of the financial year 2019-20

2.7.3 Fiscal indicators in FY 2018-19 and targets for RE 2019-20 and BE 2020-21 are as below:

(% of GDP)

Fiscal Indicator/ Year	2018-19	2019-20 (RE)	2020-21 (BE)
Fiscal Deficit	3.4	3.8	3.5
Central Government debt*	48.8	50.3	50.1

Note: GDP for the year 2018-19 is 189.71 Lakh crore at current prices as shown in First Revised Estimates issued by M/o Statistics & Programme Implementation on 31.01.2020.

Central Government Debt" includes all liabilities of Central Government against the consolidated fund of India and all public account liabilities, reduced by the cash balance available at the end of that date with external debt valued at current exchange rate. EBR (fully serviced Government Bonds) have also been included.

2.8 PUBLIC DEPOSITS SECTION

2.8.1 Budget Division is also responsible for fixation of rate of interest on the following:

a) House Building Advance (HBA).
b) Employees Provident Fund (EPF).
c) General Provident Fund (GPF) and other similar Funds.
d) Special Deposit Scheme (SDS).
e) Seamen's Provident Fund (SPF).
f) Coal Mines Provident Fund (CMPF).

2.8.2 Apart from the above, the responsibility of compilation, monitoring and review of Non Tax Revenue Receipts also rests with Budget Division.

2.9 REPORT AND COORDINATION SECTION

2.9.1 During the above period, Budget Division also coordinated the Pre-Budget Meetings for finalization of Revised Estimates 2019-2020 and Budget Estimates 2020-2021. Work relating to security and other arrangements in connection with presentation of Union Budget in the Parliament is also a part of the responsibilities handled by the Division.

2.9.2 From 1st April, 2019 to 31st January, 2020, 10 Reports of the C&AG of India were laid before the Parliament and 40 proposals of entrustment/re-entrustment of audit of various bodies to the C&AG of India were dealt by this Division.

2.10 PUBLIC DEBT MANAGEMENT CELL

2.10.1 As a first step towards the establishment of autonomous Debt Management Office, a Middle Office (MO) was set up in the DEA, MoF in September 2008. This was required to build skills and develop expertise in debt management functions which is a time consuming process.

2.10.2 Consequent upon the announcement in Lok Sabha in April 2015 by FM, consultations were held with RBI and other stakeholders, to discuss way ahead towards setting up Public Debt Management Agency (PDMA). It was decided to initially set up a Public Debt Management Cell (PDMC) as an interim arrangement before setting up of an independent and statutory PDMA in due course. The interim arrangement will allow separation of debt management functions from RBI to PDMA in a gradual and seamless manner, without causing market disruptions. It was decided that the work for moving towards PDMA would be taken up in a phased manner.

2.10.3 Considering the extant legal provision, only advisory functions were assigned to PDMC to avoid any conflict with the statutory functions of RBI. It was also agreed that the operations concerning front office, comprising of electronic auction system and back office, comprising of depository and registry services would continue to be housed with RBI even with an independent PDMA coming into being since RBI has developed adequate infrastructure for the same and the arrangement is working quite smoothly. Duplicating the set-up would create avoidable expenditure. Infrastructure of Public Debt Management, i.e. NDS and NDS-OM for primary and secondary market operations and depository of G-Secs will continue with RBI under this arrangement. Accordingly, a Public Debt Management Cell (PDMC) was set up in DEA on October 4, 2016.

2.10.4 Formation of PDMC was first step towards consolidation of all components of public debt under one agency. In addition to carrying out various advisory functions assigned to it under the expanded mandate compared to that of MO, PDMC has been working towards formation of statutory PDMA and initiated many necessary steps in this regard, namely, building an independent debt database, increased role in planning the borrowing of Govt., increased interaction with various market participants etc. It has also endeavoured to build expertise in the sphere of debt management, in order to ensure smooth transition to PDMA. Also, IDMS (Integrated Debt Management System), which is a three-staged project for development of a centralized database of public debt for PDMC, is hitherto in its development stage.

2.10.5 Towards ensuring the enhanced transparency in public debt management operations, the Government of India has been publishing a number of documents detailing overall debt position of the country, consolidated debt data relating to public debt, debt management strategies of central government debt, etc. These publications include an annual Government Debt Status Paper (since 2010), Debt Management Strategy document (2015) and Handbook of Statistics on Central Government Debt (since 2013). Government has consolidated all these publications into this single report to bring complete Government Debt and its Management related information at one place. 'Status Paper on Government Debt' for year 2017-18 was released last on January 18th, 2019. The work on "Status Paper on Government Debt" for year 2018-19 is under progress. This report covers various facets of public debt including overall debt position of the country, assessment on aspects of debt sustainability, debt management strategy covering various risks, etc. This publication now brings all components of public debt under the Debt Management Strategy, thus widening its scope.

2.11 BUDGET PRESS

2.11.1 Budget Press is a integral part of Budget Division and is responsible for printing of all Budget documents relating to the Union Budget including Detailed Demand for Grants of Ministry of Finance and Supplementary Demands for Grants. During the year 2019-2020 the budget Press successfully executed and printed two Union Budget Documents in July, 2019 and January, 2020 which includes total 24 documents in Hind, English and bilingual as well as multicolour Budget at a Glance. During 01.04.2019 to 31.01.2020, 145 documents were printed in all with as many copies required. Apart from Union Budget, the Budget Press printed Annual Report 2018-2019 (Hindi & English), First Batch of Supplementary Demands for Grants for the year 2019-2020, Detailed Demand for Grants for the year 2019-2020 and 2020-2021, Action Taken Report, Cabinet Note (Hindi & English) and Discussion Paper. The Second and Final Batch of Supplementary Demands for Grants for the year 2019-2020 and Annual report 2019-2020 were printed during the Month of February-March, 2020.

2.12 HINDI BRANCH

2.12.1 All Budget documents are presented to the Parliament in Hindi and English. Besides Budget documents, Hindi translation Branch has also prepared Hindi versions of Supplementary Demands, Economic Classification Report, Reports on Public Statistics and Status Report of External Debt, FRBM Quarterly Reports which were laid before the Parliament.

2.12.2 The translation of other Official Documents as envisaged in the Official Languages Act, 1963 and Rules made there under was also under taken 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, Action Taken Reports, Monthly Summary for the Cabinet, Official letters and External Funding Report.

3. Financial Market Division

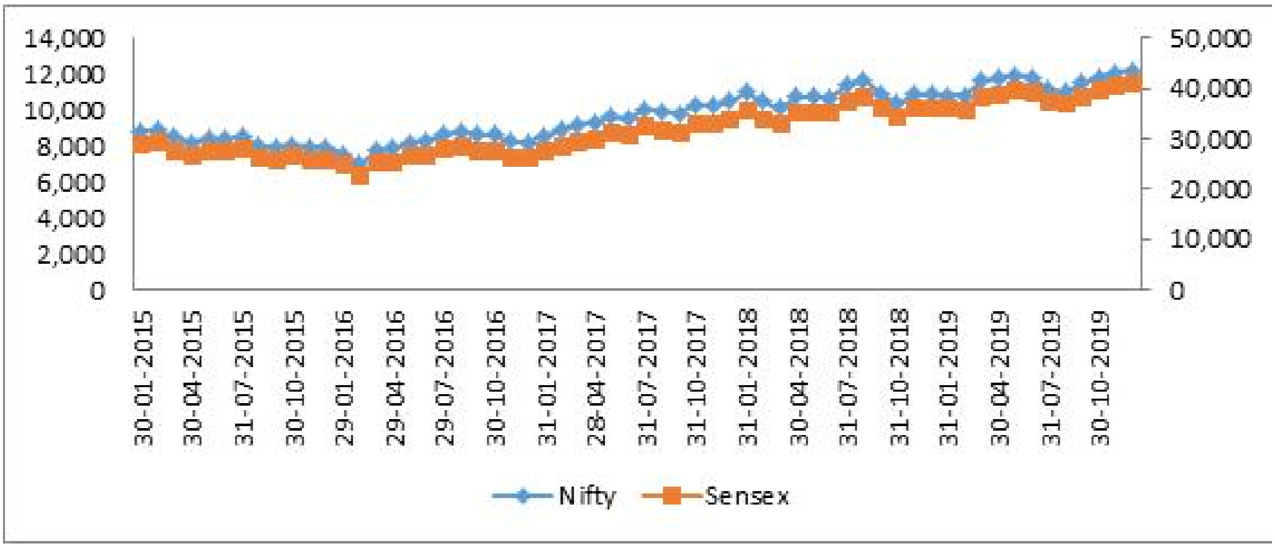
3.1. Market Performance

A. Global Economic Situation and Broad Trends in Indian Stock Market

1. As per the IMF's World Economic Outlook (October 2019), the global economy is in a synchronized slowdown, with growth for 2019 downgraded again—to 3 per cent—its slowest pace since the global financial crisis. The Domestic GDP growth in India fell further to 4.5% in Q2 of current fiscal year and for 2019-20 the National Statistical Office and RBI have estimated India's real growth of GDP at 5.0 per cent.

2. In spite of a weak global and domestic macroeconomic environment, domestic equity markets touched all-time high with Nifty 50 generating 12.02% return and Sensex 30 generating return of 14.37% during the past calendar year (January 2019 - December 2019). As on 31st December, 2019, Sensex and Nifty closed at 41253.74 and 12168.45 as compared to 31st December, 2018 on which Sensex and Nifty closed at 36,068.33 and 10,862.55 respectively. Figure 1, shows the movement of Domestic Broad Market indices (Nifty 50 and Sensex 30) in the last calendar year vis-à-vis the previous years.

Figure 1



3. A comparative analysis with other global developed markets indicates that there were other stock markets that performed better than ours in the past year. Amongst developed markets, US stock market (Nasdaq Composite) topped the charts with gains of over 30 percent. (Major US indices viz. Nasdaq Composite and Dow Jones clocked a return of around 37% and 23% respectively during the calendar year 2019) as shown in Figure 2 below:

Figure 2

Name	Country of Headquarters	Currency	YTD (%)
NASDAQ COMPOSI/d	NULL	USD	34.85
BVSP BOVESPA I/d	Brazil	BRL	31.55
MOEX Russia Ind.	Russia	RUB	28.55
CAC 40 INDEX/d	Netherlands	EUR	26.45
XETRA DAX PF/d	Germany	EUR	25.47
SSE COMPOSITE/d	China (Mainland)	CNY	22.29
DJ INDU AVERG/d	United States	USD	22.01
N225 INDEX CLOSE	Japan	JPY	18.19
S&P SENSEX/d	India	INR	14.38
FTSE 100 INDEX/d	United Kingdom	GBP	12.76
Nifty50	India	INR	12.02
Source: Reuters			

Performance of Major Markets in the World

Index	Last Day of 2017-18 (29.03.2018)	Last Day of 2018-19 (29.03.2019)	Last Day of the calendar year 2019 (31.12.2019)	Performance in FY 2018-19 (% change as on 29.03.2019 over last closing of FY 2017-18)	Performance in Calendar Year 2019 (% change for the calendar year 2019)
Indian Markets					
SENSEX, India	32968.68*	38,672.91	41,253.74	17.3%	14.37
NIFTY, India	10113.7	11623.9	12,168.45	14.9%	12.02
Emerging Markets					
KOSPI, South Korea	2445.85	2140.67	2197.67	-12.5%	7.67
TAIWAN TAIEX, Taiwan	10919.49	10641.04	12009.02	-2.6%	23.99
Developed Markets					
S&P 500, US	2460.87	2834.40	3221.29	15.2%	28.5
DAX, Germany	12096.73	11526.04	13249.01	-4.7%	25.48
FTSE 100, UK	7056.61	7279.19	7542.44	3.2%	12.1
CAC-40, France	5167.3	5350.53	5980.32	3.5%	26.42
NIKKEI 225, Japan	21454.3	21205.81	23656.62	-1.2%	18.2
HANG SENG, Hong Kong	30093.38	29051.36	28189.75	-3.5%	9.07

(*) Data given for 31.12.2019

4. As on 31st December, 2019, the Market Capitalization of BSE and NSE stood at Rs. 1,55,53,829 and 1,54,31,967 crores respectively. And the number of listed companies stood at 5344 and 1951 for BSE and NSE respectively as on 30th November, 2019.

B. Major reasons and factors for uptrend in Indian Stock Markets

- Net FPI Inflows of around Rs. 1,35,995 crores during the calendar year 2019 as against the net outflow of Rs. 80,919 crores during the year 2018
- Mutual Funds' Assets under Management (AUM) witnessed an increase in AUM by 16.2% in the calendar year 2019, reaching to Rs. 26,54,074 crores; the contribution amount through SIP increased by around 11% on a year-on-year basis in the last calendar year, reaching to around Rs. 98,612 crores
- Various measures like corporate-tax rate cuts, withdrawal of surcharge on capital gains, improving ease of access for FPIs etc.
- Likely increase in India's weightage in the MSCI Emerging Market Index from May 2020.

C: Extent of Capital Raised

i. Funds raised through Primary market (Equity Rights Issue and IPO) (Rs crore)

Year	Funds raised through Primary market (equity) (Rs. Crore)
2014-15	21464
2015-16	24055
2016-17	32520
2017-18	105187
2018-19	18235
2019-20 (Nov. 19)	60887

ii. Asset Under Management (AUM) by Mutual Funds (Rs. Crore)

Year	AUM of MFs
2014-15	945320.55
2015-16	1232823.53
2016-17	1754619.08
2017-18	2136035.75
2018-19	2379584.13
2019-20 (Nov. 19)	2704699.41

iii. Fund raising in Corporate Bonds Market

The thriving Corporate Bond Market in the country is essential to ease the pressure on banks for financing investment needs of the enterprises. As seen in the table below, the quantum of corporate bond issuances has been significantly rising in the country, while the number of issuances has not seen proportionate increase. This reflects greater size of issuances coming in the market primarily through private placement route accounting for over 95% of total issuances of corporate debt.

Issue Type	2011-12		2012-13		2013-14		2014-15	
	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)
Public Issue (Debt)	*20*	*35610.71*	*20*	*16982*	35	42,383	25	9,713
Pvt. Placement of Corporate Bonds	1953	261283	2489	361462	1924	276,054	2611	404,136
Total Debt (Public &Pvt.)	**1973**	**296,893.71**	**2509**	**378,444**	**1959**	**318,437**	**2636**	**413,849**

Issue Type	2015-16		2016-17		2017-18		2018-19		2019-20 (Till November 30, 2019)	
	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)
Public Issue (Debt)	20	33,812	16	29,547	7	4953	25	36, 679	23	8766.41
Pvt. Placement of Corporate Bonds	2,975	458,073	3,377	640,716	2,706	599,147	2,358	610,318	1160	393808.00
Total Debt (Public & Pvt.)	**2,995**	**491,885**	**3,393**	**670,263**	**2,713**	**604,100**	**2,379**	**646,997**	**1183**	**402574.41**

D. Participation of Foreign Portfolio Investors (FPIs) in Securities Market

FPI/FII Investment in India from 2012-13 to 2019-20

Financial Year	Equity	Debt	Hybrid	Total
2012-13	140033	28334	0	168367
2013-14	79709	-28060	0	51649
2014-15	111333	166127	0	277461
2015-16	-14172	-4004	0	-18176
2016-17	55703	-7292	0	48411
2017-18	25635	119036	11	144682
2018-19	-88	-42357	3515	-38930
2019-20**	52570	20672	5341	78583

Source: NSDL, ** Up to 2nd January 2020

The above data shows that FPI investments have been positive in the FY 2019-20 to the tune of 78,583 crores out of which FPI investments in equity stood at 52,570 crores, FPI investments in debt stood at 20,672 crores whereas investments in Hybrid stood at 5,341 crores.

E. External Commercial Borrowing in India

Liberalization and rationalization of External Commercial Borrowings (ECB) Policy is a continuous exercise done by Reserve Bank of India in consultation with DEA, MoF taking into consideration emerging financing needs of the Indian entities and the macroeconomic scenario. Substantial revision of the ECB Policy framework was done in November, 2015 and since then steady and progressive rounds of liberalization have been done in the policy framework with the latest round being in January, 2019.

ECB net inflows from FY 2016-17- till date is presented as under to capture the trends and patterns:

USD Million

2016-17	2017-18	2018-19	2019-20 (up to the end of November, 2019)
(-) 4,526	2,245	13,349	13,521

** Data for latest month are as per the scheduled drawdown (indicated by borrowers in Form-ECB) in absence of ECB-2 Return.*

i. The following broad trends emerge out the data:

a) There has been an increase in the ECB agreements in the last two financial years.

b) The actual inflows have increased for ECBs in the last two financial years.

c) The net inflows for ECBs were negative for the FY 2016-17. However, the last two years have seen the net inflows turn positive and there has been a substantial increase in FY 2018-19.

ii. The substantial increase in ECB agreements and flows in 2018-19 may be attributed to the following reasons:

a) Various liberalization and streamlining measures with regard to the ECB framework including calibrated expansion of the list of eligible borrowers to all entities eligible to receive FDI, decreasing the minimum average maturity period for all ECBs to 3 years, relaxing the hedging requirements for companies in the infrastructure space, introduction of uniform all-in-cost ceiling and concise, uniform negative end-uses list have been undertaken

b) Opening an ECB facility for PSU OMCs to avail ECBs for working capital purposes with an overall limit of USD 10 billion.

c) Permitting Resolution Applicants under the Corporate Insolvency Resolution Process to avail ECBs for repayment of domestic Rupee debt of the target companies.

iii. The soft limit for outstanding stock of ECB is USD 160 billion. As on end of August, 2019, the outstanding stock of ECB is USD 150.8 billion.

F. FDI Flows

Year	*Net FDI Flows (in Rs. Crores)*	*Net FDI Flows (in USD Million)*	*% growth over previous year*
2010-11	97,320	21,383	(-) 17 %
2011-12	165,146	35,121	(+) 64 %
2012-13	121,907	22,423	(-) 36 %
2013-14	147,518	24,299	(+) 8%
2014-15	181,682	29,737	(+) 22%
2015-16	262,322	40,001	(+) 35%
2016-17	291,696	43,478	(+) 9%
2017-18	288,889	44,857	(+) 3%
2018-19	309,867	44,366	(+) 1%
2019-20*	182,000	26,096	(+) 15%

*upto September, 2019

Source: DPIIT - FDI Statistics

G. International Financial Services Centre at GIFT City

Sr No	Players	Key business activities and features	Volume and No. of players
1	Stock exchanges	• Dollar denominated products • No transaction cost (other than brokerage) • Trading - 22 hours	• India INX and NSE IFSC stock exchange • Daily volume crossed USD 4 Bn+
2	IFSC banking units	• ECB Lending • Loan syndication and trade finance	• 13 IBUs • Business - USD 24 Bn+
3	Brokers	• Broking services • Proprietary trading	• 100+ Broking firms and 40 broking firms operational
4	Insurance players	• Reinsurance business • Insurance intermediaries	• 19+ players • Sum insured - USD 30 Bn+
5	IT &ITeS	• Legal & consultancy firm • IT companies	• 30+ entities

H. Commodity Derivatives Market

i. The commodities eligible for derivatives trading are notified by DEA, MoF in consultation with SEBI. At present, major agricultural commodities trading on derivatives platform include Barley, Chana, Castor Seed, Coriander, Mustard, Soybean, Cotton, Guar Seed. Major non-agri commodities traded on commodity derivatives platform in India are metals (Zinc, Aluminum, Copper, Gold, Silver) and energy commodities (Crude Oil, Natural Gas). The total turnover in commodity derivatives segment is distributed across exchanges as follows:

Total Turnover (in Rs. Crore)	2016-17	2017-18	2018-19	% variation of 2018-19 over 2017-18	2019-20 (as at the end of Nov 2019)
All-India	**6,499,637**	**6,022,530**	**7,377,945**	**22.50**	**58,64,115**
MCX	**5,865,661**	**5,393,350**	**67,72,373**	**25.57**	**54,82,521.14**
NCDEX	**596,852**	**589,497**	**531,588**	**-9.82**	**3,15,155.52**
NMCE*	**28,442**	**34,591**		**0.00**	**NA**
ICEX	**NA**	**2,158**	**37,736**	**1649**	**25,130.28**
Hapur Commodity Exchange**	**7,923**	**2,934**	**NA**	**NA**	**NA**
Rajkot Commodity Exchange Ltd**	759	**NA**	**NA**	**NA**	**NA**
NSE	NA	**NA**	**3,444**	**NA**	**5,880.73**
BSE	**NA**	**NA**	**32,804**	**NA**	**35,427.78**

Source : SEBI Bulletin - Dec 2019

II. POLICY DEVELOPMENTS:

PRIMARY MARKET

1. SEBI Board in consultation with Government has approved the framework to allow technology intensive entities which are listed or wish to be listed to issue shares with **superior voting rights (DVR**). Following it up, MCA has amended the relevant rules [Companies (Share Capital & Debentures) Rules] on **16 August 2019** by bringing in an enhancement in the previously existing cap of 26% of the total post issue paid up equity share capital to a revised cap of 74% of total voting power in respect of shares with Differential Voting Rights of a company.

2. Initial Public Offering (IPO) process has been streamlined with introduction of Unified Payment Interface (UPI) as a payment mechanism in IPOs. Further, **the time period for listing after an initial public offering has been reduced to three days** from the current T + six days. With this, issuers will have faster access to the capital raised and investors will have early liquidity.

3. SEBI Board on **20 November 2019** approved the **streamlining of process of issue of Rights in securities** by listed entities while reducing the time period involved in the entire process from around 55 days to 31 days.

4. Pursuant to a budget announcement, vide Gazette Notification dated **August 16, 2019** namely Companies (Share Capital and Debentures) Amendment Rules, 2019, **Government has removed Debenture Redemption Reserve (DRR) requirements** for listed companies, NBFCs (Non-Banking Financial Company) and HFCs (Housing Finance Company) and also reduced DRR requirements for unlisted companies from the earlier 25% to 10% as measures to reduce cost of issuances and deepen the bond market.

5. Pursuant to the Budget Speech of 2019, **AA rated bonds have been allowed as collaterals in the corporate tri-party repo platform** at stock exchanges **on October 1, 2019 to deepen the repo market.**

6. On **20 November, 2019** SEBI Board in consultation with Government of India made it mandatory for **listed companies to disclose their default on loans** if the default continues beyond 30 days. This is w.e.f January, 2020 and reduces the arbitrage with corporate bond market which follows a “one day one rupee” default disclosure norm.

7. SEBI vide circulars dated **13th June 2019, 23 September 2019 and 4 November 2019**, has introduced measures to **improve the functioning of Credit Rating Agencies** in India, by way of mandating enhanced governance and accountability standards, enhanced disclosure standards and by revising rating review process / criteria.

8. With the objective to help improving the regulation of capital and financial markets to protect interest of investors, **amendments in certain penalty provisions of the Securities Contract Regulation Act, 1956 and the Securities Exchange Board of India (SEBI) Act, 1992** have been carried out through Finance (No. II) Act, 2019.

9. SEBI, vide its circular dated **November 29, 2019**, has prescribed **norms for Debt ETFs/Index Funds to be adopted by all AMCs.** Government (DEA) also **amended its Investment Guidelines for Non Government Provident Funds, Superannuation Funds and Gratuity Funds** vide notification dated 11.12.2019 to facilitate the participation of domestic institutional investors in such funds.

10. SEBI, in consultation with Government, has strengthened the **prudential norms to be followed by Mutual Funds (MFs)** in order to enhance the safeguards available for investors and maintain the orderliness and robustness of MFs. In order to deal with sudden unplanned redemptions in liquid schemes, it had been mandated for MFs to invest a minimum 20 % of AUM in ‘liquid instruments’ like Cash, Government securities, etc.

SECONDARY MARKET

11. Suitable amendments to the Indian Stamp Act, 1899 were made a part of the Finance Bill, 2019 and were notified in the Gazette of India on 21.2.2019. The corresponding rules were framed and finalized during 2019. The relevant provisions of the Finance Act, 2019 amending the **Indian Stamp Act, 1899 and the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 have been notified on 10th December, 2019** and these will also come into force simultaneously after 30 days from the date of notification i.e. w.e.f. 9th January, 2020.

12. In the Union Budget 2019-20, Government has proposed to initiate steps towards creating a **Social Stock Exchange**, under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund. Consultations are on with the regulator SEBI to establish and operationalise the Exchange.

External Market

13. RBI has allowed Rupee Derivatives (with settlement in foreign currency) to be traded in International Financial Services Centres (IFSCs).

14. RBI, in consultation with DEA, has notified a revised **External Commercial Borrowing (ECB) Framework on 16th January 2019** which expands the list of eligible borrowers to include all entities eligible to receive Foreign Direct Investment (FDI) and the eligible lenders to include any entity from an FATF/IOSCO compliant jurisdiction.

15. RBI, in consultation with DEA, has introduced a separate scheme called **‘Voluntary Retention Route’ (VRR) on 1st March 2019** to encourage FPIs to undertake long-term investments in Indian debt markets. DEA has agreed to increase the investment limit under the VRR from Rs 75,000 crores to Rs. 1.50 lac crores.

16. SEBI, in consultation with DEA, has notified the **(Foreign Portfolio Investors) Regulations, 2019 on 23rd September 2019** with a view to simplify and rationalize the existing regulatory framework for foreign portfolio investors (FPIs) in terms of easing the operational constraints and compliance requirements.

17. SEBI, in consultation with DEA, has brought out a **new framework for issuance of Depository Receipts on 10th October 2019.** This will give Indian companies increased access to foreign funds through ADR/GDR.

18. Ministry of Finance has notified the **Foreign Exchange Management (Non Debt Instrument) Rules, 2019 on 17th October 2019** with a view to streamline the legal framework for foreign investment into India. Vide FEMA (NDI) Rules, the statutory limit for Foreign Portfolio Investment in an Indian company has been increased from 24% to the sectoral FDI cap w.e.f 01.04.2020. This is expected to increase FPI flows to India and also improve India's weight in global equity indices.

COMMODITY DERIVATIVES MARKET

19. In October 2019, Ministry of Finance (Dept. of Economic Affairs) **notified "option in commodities" as a *derivative*** under the Securities Contracts (Regulation) Act, 1956. With this enablement, the plain vanilla options, structured directly on commodities would become tradable on exchange platforms. These commodity derivatives are much simpler and hedger-centric than the "options on commodity futures" which are being traded at present and can be used to avail price risk insurance in the commodity derivatives market.

III. Sovereign Credit Rating of India

India's sovereign debt is rated by 5 Sovereign Credit Rating Agencies (SCRAs). These are Fitch Ratings, Moody's Investors Service, Standard and Poor's (S&P), Japanese Credit Rating Agency (JCRA) and Rating and Investment Information Inc., Tokyo (R&I). The latest sovereign ratings issued by these rating agencies are given below:

Rating Agency	Date of affirmation of ratings	Foreign Currency		Local Currency	
		Ratings	**Outlook**	**Ratings**	**Outlook**
Moody's	07.11.2019	Baa2	Negative	Baa2	Negative
Fitch	20.12.2019	BBB- (LT)* F3 (ST)#	Stable	BBB- F3(ST)	Stable
S&P	03.12.2019	BBB- (LT) A-3 (ST)	Stable	No ratings were given for local currency	
JCRA	*22.08.2019*	BBB+	Stable	BBB+	Stable
R&I	29.10.2018	BBB (LT) A-2 (ST)	Stable	No ratings were given for local currency	

* LT-Long Term

\# ST-Short Term

3. In November 2019, Moody's Investors Service ("Moody's") has changed the outlook on the rating to Negative from Stable while keeping the foreign – currency and local – currency long – term issuer rating unchanged at Baa2. The decision to change the outlook to negative is basically due to their assessment about India's economic growth, risk of rising fiscal deficit and debt.

IV. Securities Appellate Tribunal (SAT):

Securities Appellate Tribunal is a statutory body established under the provisions of Section 15K of the Securities and Exchange Board of India Act, 1992 to hear and dispose of appeals against orders passed by the Securities and Exchange Board of India or by an adjudicating officer under the Act. It also hears and disposes of appeals against orders passed by the Pension Fund Regulatory and Development Authority (PFRDA) under the PFRDA Act, 2013, Insurance Regulatory Development Authority of India (IRDAI) under the Insurance Act, 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999 and the Rules and Regulations framed thereunder.

Under Rule 15L of the Securities and Exchange Board of India Act, 1992 the composition of the SAT will be as follows:

(i) Presiding Officer

(ii) Judicial Member

(iii) Technical Member – 2 Nos.

Presiding Officer may constitute the Benches and may also function as the Judicial Member. As on December, 2019, total 533 Cases are pending before SAT. The details are as tabulated below:

Category	Opening Balance	Cases filed	Total Cases	Disposed Cases	Pending Cases
SEBI	506	41	547	21	526
IRDAI	4	0	4	0	4
PFRDA	3	0	3	0	3
TOTAL	**513**	**41**	**554**	**21**	**533**

4. Financial Stability and Cyber Security Division

4.1. Financial Stability and Development Council

4.1.1 The Financial Stability and Development Council (FSDC) was set up by the Government of India as the apex level forum in December 2010 with a view to strengthening and institutionalizing the mechanism for,inter-alia maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development. The Chairperson of the Council is the Finance Minister of India. Members include Minister of State for Finance, the heads of the financial sector regulators and Secretaries of the relevant ministries/ departments of the Government of India.

4.1.2 The Council monitors macro-prudential supervision of the economy and deliberates on contextual issues covering financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion, co-ordinating India's international interfaces with financial sector bodies like the Financial Action Task Force (FATF) and the Financial Stability Board (FSB). The Financial Stability and Cyber Security(FS&CS) Division in the Department of Economic Affairs provides secretarial assistance to the FSDC. Adviser (FS&CS), Department of Economic Affairs, Ministry of Finance is the Secretary of the Council.

4.1.3 Till 31st December, 2019, FSDC held 21 meetings. In 2019-20, the 20th and 21st meetings were held on 19th June, 2019 and 7th November, 2019 respectively. In these meetings, the Council discussed global and domestic economic situation and financial stability issues including, *inter-alia*, those concerning banking and NBFCs, the progress made towards setting up of the Financial Data Management Centre (FDMC) as also a Computer Emergency Response Team(CERT-Fin) for strengthening the cyber security framework for the financial sector. The Council also had its pre-budget consultations meeting, reviewed activities undertaken by the FSDC Sub-Committee chaired by the Governor, RBI, and the action taken by Members on the decisions taken in earlier Meetings of the Council.

4.2. FSDC Sub-Committee (FSDC-SC)

4.2.1 The FSDC is supported by a Sub-Committee (FSDC-SC), chaired by the Governor RBI. Excluding the Chair of the FSDC and the MoS (Finance), all members of the FSDC are also the members of the Sub-Committee. Additionally, all four Deputy Governors (DG) of RBI, and Secretary (FSDC), are also the members of the Sub-Committee. Executive Director of RBI who is in-charge-of Financial Stability is the Member Secretary, and the Financial Stability Unit (FSU) of RBI is the Secretariat for the Sub-Committee. The Sub-Committee has met 23 times till 31st December, 2019.

4.2.2 During the year 2019-20, FSDC-SC held one meeting, i.e., the 23rd meeting which was held on 27th September, 2019. In this meeting, the Sub-Committee reviewed the major developments in global and domestic economy and financial markets that impinge on the financial stability. The Sub-Committee discussed about measures to promote interest and competition in stressed asset markets, enhancing the scope of Legal Entity Identifier (LEI) to more effectively monitor group exposures, issues relating to credit rating agencies and audit quality. The Sub-Committee also discussed about measures to strengthen the systems against frauds. Besides, the Sub-Committee deliberated on revisiting the framework for early warning signals.

4.3. Financial Stability Board (FSB)

4.3.1 FSB is an international body established in April, 2009 under the aegis of G20 by bringing together the national authorities, standard setting bodies and international financial institutions. FSB is responsible for undertaking vulnerabilities assessment, policy development and coordination, implementation monitoring, and to act as a compendium of standards for financial sector regulation and reforms in members' jurisdictions.

4.3.2 India, as a member of the FSB, remains committed to adoption of the priority and other areas of financial sector reforms and international standards in a phased manner, calibrated to local conditions wherever necessary. Department of Economic Affairs is the nodal point for India to coordinate with the FSB and all India-specific information are regularly provided in consultation with the financial sector Regulators (namely, RBI, SEBI, IRDAI and PFRDA) while responding to various FSB questionnaires, surveys and reports. India also participates in the peer reviews, meetings and conference calls of FSB and presents its views and comments as a member.

4.3.3 The Plenary is the sole decision-making body of the FSB, SCSI is responsible for monitoring the implementation of agreed FSB policy initiatives and international standards, and the SCBR is responsible for assessments of the resource needs of the FSB Secretariat taking into account the current mandate, the work programme and emerging demands. The RCG Asia is one of the 6 regional groups established by FSB in 2011 to expand upon and formalise the FSB's outreach activities beyond the membership of the G20 and to reflect the global nature of the financial system through interaction with the non-members. Secretary of the Department of Economic Affairs represents India in the FSB Plenary, and in the two out of the four FSB standing Committees, namely, the Standing Committee on Standards Implementation(SCSI) and the Standing Committee on Budget and Resources(SCBR). DG (RBI) represents as a member from India in the other two Standing Committees of FSB, namely, Standing Committee on Assessment of Vulnerabilities (SCAV) and Standing Committee on Supervisory and Regulatory Cooperation (SRC). Besides, Secretary (Economic Affairs) also represents India in the Regional Consultative Group on Asia (RCG Asia). Chairman (SEBI), and DG (RBI) are the other two members from India in the FSB Plenary as well as in the RCG Asia.

4.3.4 During the year 2019-20, two meetings of the FSB Plenary were held on 26th April, 2019 in New York and on 6th November, 2019 in Paris, and one meeting of the Standing Committee on Standards Implementation (SCSI) was held on 4th December, 2019 in Paris. Besides, one meeting of the Regional Consultative Group for Asia was held on 14th June, 2019 at Kuala Lumpur. All these meetings were attended by representatives of DEA at suitable levels. Apart from these, as part of its programme to examine the effects of post-crisis financial reforms that were agreed by the G20, FSB launched an evaluation of “too-big-to-fail” (TBTF) reforms for banks. DEA, as a member in this working group also attended these meetings. In addition to physical meetings at various levels of FSB’s functioning, continuous engagement was maintained through various Conference calls of Plenary, SCSI, IMN, TBTF etc. and inputs on surveys and reports circulated by FSB were provided in consultation with the regulators.

4.4. Financial Sector Assessment Programme (FSAP)

4.4.1 FSAP is a quinquennial exercise jointly conducted by IMF and World Bank (WB) and involves a comprehensive and in-depth analysis of a country’s financial sector to assess financial stability and financial sector development. India underwent its first FSAP exercise in 2011-12 and the second FSAP in 2017. Department of Economic Affairs, in close coordination with financial sector Regulators and Ministries/ Departments concerned, facilitates and coordinates all matters related to FSAP undertaken for India, including following up on the recommendations of FSAP. Subsequent to the FSAP exercise in 2017, the IMF and the WB published their reports, including the Financial System Stability Assessment Report (FSSA)[1] (along with IMF Press Release, Supplement on Bank Recapitalization measures and Buff statement of India’s ED in IMF) and Financial Sector Assessment (FSA) report[2] respectively on December 21, 2017 on their respective websites, followed by a few Detailed Assessment Reports (DARs) and Technical Notes on selected topics. Department of Economic Affairs has been following up with the Ministries/ Departments/ Regulators concerned for examination and suitable implementation of the recommendations.

4.5. Macro Financial Monitoring Group (MFMG)

4.5.1 The Macro Financial Monitoring Group has been set up in 2012 under the Chairmanship of the Chief Economic Adviser. The Group aims at keeping track of the macroeconomic and financial developments, identifying vulnerabilities, and providing early warning signals. The Group has held 22 meetings till December 31, 2019. During the year 2019-20, one meeting of MFMG was held on May 28, 2019.

4.6. Financial Data Management Centre (FDMC)

4.6.1 It has been decided to set up a Financial Data Management Centre (FDMC) to facilitate integrated data aggregation and analysis in the financial sector. During the year under review, progress has been made towards finalization of the draft Cabinet Note and the draft FDMC Bill to set up FDMC as a statutory body, in consultation with financial sector Regulators, Ministry of Law & Justice, and Departments concerned. The draft Cabinet note was circulated to various stakeholders and is under process.

4.7. Computer Emergency Response Team for Financial Sector (CERT-Fin)

4.7.1 With the objective of setting up of a Computer Emergency Response Team for the financial Sector (CERT-Fin), a Working Group (WG) under the Chairmanship of Director General, Indian Computer Emergency Response Team (ICERT), Ministry of Electronics & Information Technology (MeitY) with representation from all financial sector regulators, various departments / organisations was formed which had submitted its report. Subsequent to this, a series of meetings and consultations were held and it was inter-alia decided to expand the scope of CERT-Fin by bringing under its ambit apart from financial sector regulators, other financial sector agencies. A number of meetings have been held in 2019-20 to discuss the modalities of CERT-Fin. It has been proposed to set up a strong and powerful CERT-Fin with statutory powers. It has been decided to carry out the preparatory work on operationalising CERT-Fin, pending constitution of a statutory CERT-Fin.

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[1] *http://www.imf.org/en/Publications/CR/Issues/2017/12/21/India-Financial-System-Stability-Assessment-Press-Release-and-Statement-by-the-Executive-45497*

[2] *http://documents.worldbank.org/curated/en/704231513810603813/India-Financial-Sector-Assessment*

5. Financial Sector Reforms and Legislation Division

5.1 Introduction

5.1.1 The Financial Sector Legislative Reforms Commission (FSLRC), set up on 24th 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 22nd March, 2013. The Report is in two parts: Volume I titled "Analysis and Recommendations" and Volume II titled "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.

5.1.2 A new Division, namely, FSLRC Cell was created in the year 2013 to process the implementation of the FSLRC Report with the following mandate:

a. To 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. To implement the recommendations of the FSLRC, duly approved by the Government; and

c. To deal with administrative and establishment matters relating to FSLRC.

5.1.3 In September, 2017, it was decided to rename the FSLRC Division as Financial Sector Reforms and Legislation (FSRL) Division with (i) Legislative Reforms and (ii) Financial Sector Reforms Sub-Divisions.

5.2 Financial Sector Legislative Reforms Commission- Main recommendations

5.2.1 The Report of FSLRC was placed in the public domain on 28th March, 2013. The same was examined and discussed in various meetings of the Financial Stability and Development Council (FSDC) chaired by the Finance Minister. The recommendations of the FSLRC can broadly be divided into two parts - Legislative and Non-Legislative. The legislative aspects of the recommendations relate to revamping the legislative framework of the financial sector regulatory architecture by a non-sectoral, principle-based approach and by restructuring existing regulatory agencies and creating new agencies wherever needed.

5.3. Recommendations on the Financial Regulatory Architecture

5.3.1 The Commission has recommended a seven agency regulatory architecture namely, Reserve Bank of India, Unified Financial Agency, Financial Sector Appellate Tribunal, Resolution Corporation, Financial Redress Agency, Public Debt Management Agency and Financial Stability and Development Council in the draft law- Indian Financial Code to replace a number of existing laws. The non-legislative aspects of the FSLRC recommendations are broadly of the nature of governance enhancing principles for stronger consumer protection and greater transparency in the functioning of financial sector regulators. It features following set of changes, which renders it implementable:

i. The RBI will continue to exist, although with modified functions;

ii. The existing SEBI, FMC, IRDA, and PFRDA will be merged into a new UFA;

iii. The existing SAT will be subsumed into the FSAT;

iv. The existing DICGC will be subsumed into the Resolution Corporation;

v. A new FRA will be created;

vi. A new PDMA will be created; and

vii. The existing FSDC will become a full-fledged statutory agency, with modified functions.

5.4. Implementation Status of the recommendations of the FSLRC

5.4.1 The status and next steps on the implementation of the recommendations of the FSLRC are as follows:-

i. As has been agreed to in the meetings of the FSDC, the financial sector regulatory agencies are implementing the governance enhancing, non-legislative recommendations of the FSLRC on voluntary basis. A MIS Portal was developed and inaugurated by FM in May, 2015 to put in place an appropriate mechanism to measure the benchmark compliance for each Regulator/ Board. The MIS Portal has been modified in consultation with the Regulators to remove several difficulties faced by the Regulators in updating the compliance status on the Portal. The Regulators have started submitting their responses on the MIS Portal.

ii. A Financial Sector Regulatory Appointment Search Committee (FSRASC) has been created for recommending names of suitable persons for appointment to board level positions of financial sector regulatory bodies with the approval of the ACC on 24th November, 2015. The FSRASC has been reconstituted on 9th June, 2017. This would bring about uniformity in the selection of board members of financial sector regulators, which was one of the recommendations of the FSLRC on the broad structure of such regulators.

iii. As regards the establishment of a unified financial agency for the organised trading, by way of an incremental reform effort, the Forward Markets Commission (FMC) has been merged with the Securities and Exchange Board of India (SEBI) with effect from 28thSeptember, 2015 to achieve the convergence of regulations of the securities market and the commodity derivatives markets. FMC stands abolished and the Forward Contracts (Regulation) Act, 1952 has been repealed. However, there is no consensus on merging the existing financial sector regulators into a single Unified Financial Agency.

iv. The Task Forces for transforming the existing Securities Appellate Tribunal (SAT) into the Financial Sector Appellate Tribunal (FSAT) and for establishing new agencies namely, Resolution Corporation (RC), Public Debt Management Agency (PDMA) and Financial Data Management Centre (FDMC) were set up on 30th September, 2014. These Task Forces submitted their reports during June 2015. Another Task Force for creating a sector-neutral Financial Redress Agency (FRA) that was set up on 5th June, 2015 as announced in the Budget Speech 2015-16 submitted its Report on 30th June, 2016. Its Report is under examination.

v. Apart from inviting comments on the FSLRC Report and the Draft IFC, the Department of Economic Affairs in collaboration with the Institute of Company Secretaries of India (ICSI) organised a number of 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 was revised in the light of the comments received and hosted on the website of the Ministry of Finance on 23rd July, 2015, inviting comments of stakeholders by 8th August 2015. Moving the Indian Financial Code (IFC) recommended by the FSLRC in totality, after due consideration, is likely to take time. Key aspects of the IFC being fast-tracked are as follows:-

a. <u>Financial Sector Appellate Tribunal:</u>

The Securities and Exchange Board of India Act, 1992 was amended through the Finance Act 2017, for upgrading / enhancing the capacity of the Securities Appellate Tribunal (SAT) to hear appeals relating to the Insurance and Pension sectors also and for providing for multiple benches. This would facilitate in moving towards a Financial Sector Appellate Tribunal, which was recommended to be the Appellate Tribunal for the entire financial sector. FM Division, DEA has been assigned the task to initiate necessary steps for the setting up of FSAT.

b. <u>Establishment of a comprehensive resolution framework for the financial sector:</u>

An announcement was made in the Budget Speech of 2016-17 to frame a comprehensive Code on Resolution of Financial Firms and introduce it as a Bill in the Parliament during 2016-17. The Financial Resolution and Deposit Insurance Bill, 2017 (the Bill) was introduced in the Lok Sabha on 10th August 2017 and referred to a Joint Committee of Parliament for making a Report to the Parliament. The Bill provided for establishment of a specialized Resolution Regime for financial sector entities. The enactment of the Bill would have empowered the Resolution Authority to contribute to the stability and resilience of the financial system by carrying out speedy and efficient resolution of financial firms in distress, providing deposit insurance to consumers of certain categories of financial services, monitoring the Systemically Important Financial Institutions and protecting the consumers of financial institutions and public funds to the extent possible. The FRDI Bill was withdrawn from the Parliament on 7th August, 2018, owing to concerns raised by the stakeholders' on certain provisions of the FRDI Bill for comprehensive re-consideration and re-examination.

Accordingly, work on consolidating all the laws relating to resolution of financial sector entities in one law and provide a specialised resolution mechanism to deal with bankruptcy situations in most of the financial sector entities, such as, banks, insurance companies, FMIs and select financial sector entities is under consideration of the Government.

c. <u>Establishment of an independent Financial Data Management Centre:</u>

A centralised data centre named as Financial Data Management Centre (FDMC) is proposed to be set up under the aegis of the Financial Stability and Development Council (FSDC) that will be used for analysis of financial stability and related issues. Subsequent to the FSLRC recommendation on creation of a statutory Financial Data Management Centre (FDMC), Government constituted a Task Force on FDMC under the chairmanship of Dr. Subir Gokarn, which, inter alia, recommended a non-statutory FDMC. FS&CS Division, DEA has been assigned the task to initiate necessary steps for the setting up of FDMC.

d. <u>Establishment of an independent Public Debt Management Agency:</u>

An independent Public Debt Management Agency (PDMA) is proposed to be set up for managing Government's debt and cash balance, etc. To this effect, the Government set up a Public Debt Management Cell (PDMC) on 4th October, 2016, as an interim arrangement before setting up of an independent and statutory debt management Agency namely, Public Debt Management Agency (PDMA) of India, in due course. This interim arrangement will allow separation of debt management functions from RBI to PDMA in a gradual and seamless manner, without causing market disruptions. Budget Division, DEA has been assigned the task to initiate necessary steps for the setting up of PDMA.

e. Institutionalised and Statutory Monetary Policy Framework:

i. FSLRC has recommended establishment of a statutory and an institutionalized framework to conduct monetary policy, including the creation of a Monetary Policy Committee that would determine the policy interest rate. The Reserve Bank of India Act, 1934 (RBI Act) has accordingly been amended by the Finance Act, 2016, to provide for a statutory and an institutionalized framework for a Monetary Policy Committee, for maintaining price stability, while keeping in mind the objective of growth. The Monetary Policy Committee would be entrusted with the task of fixing the benchmark policy rate (repo rate) required to contain inflation within the specified target level. A Committee-based approach for determining the Monetary Policy will add value and transparency to monetary policy decisions. The meetings of the Monetary Policy Committee shall be held at least 4 times a year and it shall publish its decisions after each such meeting.

ii. Provisions of the RBI Act relating to the chapter on Monetary Policy have been brought into force through a Notification in the Gazette of India Extraordinary on 27thJune, 2016. The Rules governing the Procedure for Selection of Members of Monetary Policy Committee and Terms and Conditions of their Appointment and factors constituting failure to meet inflation target under the MPC Framework have also been notified in the Gazette of India, Extraordinary on 27th June, 2016. The Government, in consultation with the RBI, has notified the inflation target in the Gazette of India Extraordinary dated 5th August, 2016, for the five years ending on the 31st March, 2021, as under:

Inflation Target	:	Four per cent.
Upper tolerance level	:	Six per cent.
Lower tolerance level	:	Two per cent.

iii. As per the provision of section 45ZB of the RBI Act, 1934, out of the six Members of Monetary Policy Committee, three Members will be from the RBI and the other three Members of Monetary Policy Committee will be appointed by the Central Government. The composition of the Monetary Policy Committee of the Reserve Bank of India constituted and notified in the Gazette of India Extraordinary dated 29th September, 2016 is as follows:

a. Governor of the Bank—Chairperson, ex officio;

b. Deputy Governor of the Bank, in charge of Monetary Policy—Member, ex officio;

c. One officer of the Bank to be nominated by the Central Board—Member, ex officio;

d. Professor Chetan Ghate, Professor, Indian Statistical Institute (ISI) —Member

e. Professor Pami Dua, Director, Delhi School of Economics (DSE) — Member

f. Dr. Ravindra H. Dholakia, Professor, Indian Institute of Management (IIM), Ahmedabad — Member

iv. The Members of the Monetary Policy Committee referred to in sub paragraphs (d) to (f) above would hold office for a period of four years or until further orders, whichever is earlier. The Monetary Policy Committee is now functional.

v. The Reserve Bank of India Monetary Policy Committee and Monetary Policy Process Regulations were framed and notified on 14th July, 2017 for ensuring full operationalisation of the MPC. The Regulations were subsequently laid in the Lok Sabha on August 4, 2017 and in the Rajya Sabha on August 8, 2017.

5.5 Other Legislative Reforms

55.1 Providing a Legal Framework for Bilateral Netting of Financial Contracts

5.5.2 An unambiguous legal framework for enforceability of close-out netting reduces credit exposure of banks and other financial institutions from gross to net exposure, results in substantial capital saving on such exposure and reduces the overall systemic risks contributing to the financial stability. That is why many international standard setting bodies have recommended that a legal basis for close-out netting may be provided in law.

5.5.3 In the absence of any legally unambiguous basis for finality of bilateral netting for certain entities, bilateral netting of mark-to-market values arising on account of OTC derivatives is not permitted, forcing the banks to provide capital on gross exposure basis for such derivatives. Further, the emerging global consensus (in G20 and Bank for International Settlement) of imposing higher margins for non-centrally cleared OTC derivatives (NCCDs) might lead India to also adopt the global norms of risk mitigation and also to strengthen the resilience of the financial system. The exchange of margin for NCCDs on gross basis would be very inefficient and would seriously disrupt the OTC derivatives market, which account for about 40% of the total derivatives market.

5.5.4 The netting law for bilateral financial contracts would result in substantial capital saving for banks, which, in turn, would enable banks to provide price efficiency in offering hedging instruments to business in India, catalyse the corporate bond market (through developing the credit default swap market), promote ease of doing business and provide equal cost advantage to Indian financial sector. The market participants also expect that a bilateral netting law would further develop the financial market in India.

5.5.5 Thus, with a view to address the inadequacies in the present legal framework, the Government has formulated a Bill, namely, 'The Bilateral Netting of Financial Contracts Bill' to lay down the mechanism for close-out netting of the financial contracts. The Bill is proposed to be soon introduced in the Parliament, as per the procedure. The proposed law will enable India to become one of the major markets for the Over-The-Counter (OTC) Derivatives products. It will contribute significantly to strengthening the financial stability of the country and would facilitate in further developing the financial market, especially the financial derivatives market and corporate bond market.

6. Infrastructure Policy & Finance (IPF) Division

Infrastructure Policy & Finance (IPF) Division is headed by Dr. Kumar V. Pratap, Joint Secretary. The Division has the following Units: Infrastructure Finance (Infra-Fin), Infrastructure Policy & Programme (IPP), Energy Sector Policies & Programmes (ESPP) and Public Private Partnerships (PPP). Each Unit is headed by Adviser/ Director/Deputy Secretary and assisted by Under Secretary/Deputy Director/Assistant Director.

E-Governance initiatives of the Division: All the Sections of IPF Division have migrated to e-office mode (e-files, leave, advances, etc).

6.1 Infrastructure Finance (Infra-Fin) Unit

6.1.1 Major Functions:

Infrastructure Finance Unit deals with financing requirements of infrastructure including conceiving new initiatives related to infrastructure financing and promotion of investment in infrastructure sectors. The unit deals with:

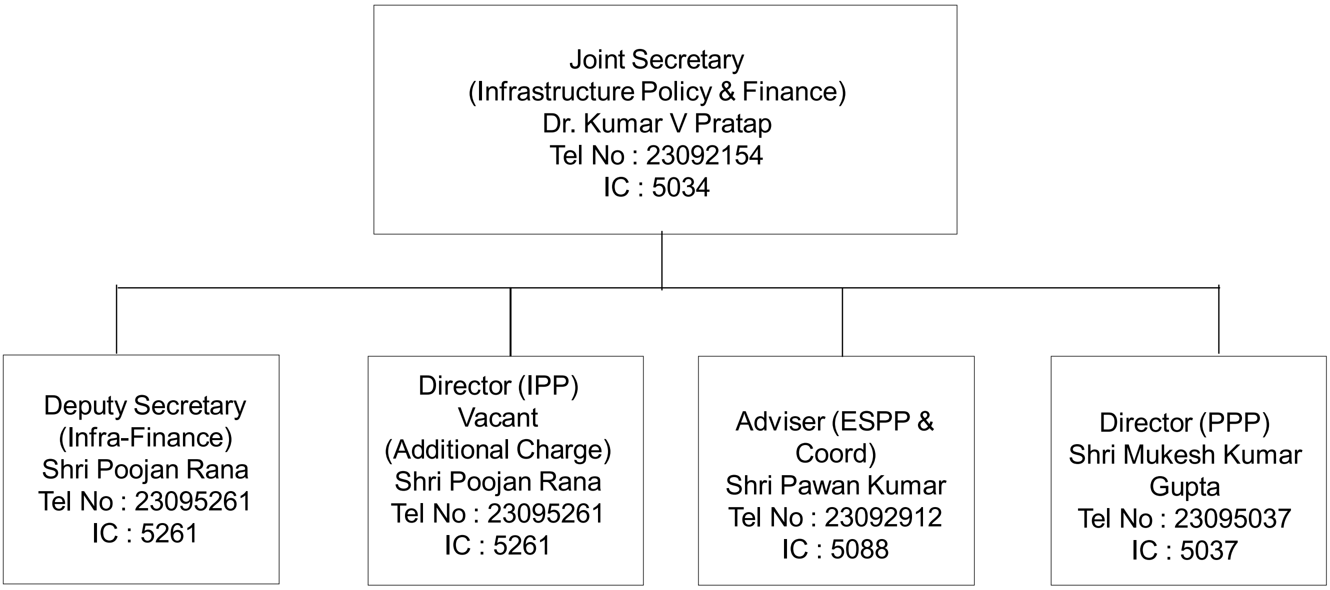
- Matters related to infrastructure financing and promotion of investment in infrastructure sectors;
- Matters relating to Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trusts (InvITs), Tax Free Bonds, Municipal Bonds and other instruments meant for infrastructure financing;
- Matters relating to New Credit Rating System for Infrastructure;
- Matters relating to Special Purpose Vehicle (SPV) for Credit Enhancement of Infrastructure Projects;
- All international interfaces on infrastructure financing (other than PPPs);
- Matters relating to Municipal Bonds by ULBs;
- Model Tripartite Agreements (MTA) for sectors such as Road, Ports, Airports, etc.;
- External Territorial charge- GCC Countries (United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait, and Yemen), Turkey, Cyprus, Lebanon, Jordan;
- Matters relating to G20 Infrastructure Working Group (IWG);
- All policy matters relating to Project Monitoring Group (PMG) and its coordination within DEA;
- Matters relating to meetings of Board of Directors of IIFCL as JS (IPF) is Government nominee on its Board of Directors;
- Coordination and general matters pertaining to the Division.

6.1.2 Major Policy Initiatives/Achievements:

6.1.2.1 Infrastructure Debt Funds (IDFs)

Government of India has conceptualized Infrastructure Debt Funds (IDFs) to accelerate and enhance the flow of long-term debt into infrastructure projects to help in the migration of project loans for operating assets from banks to the fixed income markets. IDFs, through innovative credit enhancement, are expected to provide low cost long-term debt for infrastructure projects.

ORGANISATIONAL CHART OF IPF DIVISION



Potential investors under IDFs include off-shore institutional investors, off-shore High Net Worth Individuals and other institutional investors (Insurance Funds, Pension Funds, Sovereign Wealth Funds, etc). IDFs are set up by sponsoring entities either as Non-Banking Finance Companies (NBFCs) or as Trusts/ Mutual Funds (MF). As on date, four IDFs under NBFC route and three under MFs route are in operation.

6.1.2.1.1 Model Tripartite Agreement (MTA) for IDFs (Airport and Road Sectors)

This Unit is in the process of formulating a Model Tripartite Agreement (MTA) for IDFs to undertake refinancing refinancing in the Airports and Roads (Toll-Operate-Transfer) Sector. The draft MTA after incorporating the comments from stakeholders is in process for being submitted to Empowered Inter-Ministerial Group (E-IMG) for consideration.

6.1.2.2 Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trust (InvITs)

REITs/ InvITs are trust-based structures that maximize returns through efficient tax pass-through and improved governance structures. Guidelines/Regulations for InvITs and REITs were notified by SEBI on 26 September, 2014.

As on date, five InvITs have been successfully launched and have collectively raised more than Rs.20,000 crore. In March 2019, India's first REIT was launched and raised about Rs.4,750 crore through an IPO, and was listed on the Indian Stock Exchanges.

6.1.2.3 Creation of a Dedicated Fund to provide credit enhancement to infrastructure projects

Pursuant to Budget Announcements in 2019-20 and 2016-17, a Credit Enhancement Company is proposed to be set up to provide credit enhancement to infrastructure and housing projects through raising the credit rating of bonds floated by such companies. A draft CCEA Note in this regard is under process.

6.1.2.4 Public Sector Asset Monetization (PSAM) strategy to monetize Brownfield assets

The Cabinet has approved the mechanism for asset monetization of CPSEs, enemy property and land as prepared by DIPAM. This Unit has provided inputs on how brownfield asset monetization by CPSEs can help Greenfield infrastructure investment.

6.1.2.5 G20 Infrastructure Working Group

The G20 Infrastructure Working Group (G20 IWG) was revived under the 2018 Argentinian Presidency and has continued to play a major role in shaping the G20 members' views on infrastructure issues under the 2019 Japanese Presidency. In 2018, the G20 IWG conceptualized the pathway to developing infrastructure as a separate asset class by finalizing the 'Roadmap to Infrastructure as an Asset Class' and G20 'Principles for the Infrastructure Project Preparation Phase'. Both these documents were endorsed at the 2018 G20 Buenos Aires' Leaders' Summit. During the 2019 G20 Japanese Presidency, India extensively contributed to the finalization of G20 Quality Infrastructure Investment (QII) Principles. The G20 QII Principles set out voluntary and non-binding principles that reflect G20 Members' common strategic direction and aspiration for achieving quality infrastructure investment. The Principles Document was extensively deliberated by the G20 IWG Delegates and India extensively contributed in finalizing the content and the language of the QII Principles. India's key policy interventions at the G20 IWG include:

i. Developing Brownfield Assets as a Separate Asset Class considering their relatively de-risked nature as compared to greenfield projects since brownfield assets are past the construction stage. India's interventions elucidate ways in which countries may benefit from exploring brownfield asset monetization in view of the acute infrastructure financing deficit and the advantages of unlocking potential improvements in operational efficiency and service quality that may arise from transferring management responsibility to a specialized third party asset operator.

ii. Highlighting the role of contractual standardization/ standardized documents in providing transparency, consistency and predictability to infrastructure procurement.

iii. Advocating the need for bringing synergies among data initiatives and of avoiding duplication in the area of infrastructure data collection, analysis and dissemination while aiming at creation of information useful to investors.

6.2. Energy Sector Polices & Programmes (ESPP) Unit

6.2.1 The major functions of ESPP Unit, inter alia, include the following:

- All policy related issues pertaining to energy sector, viz. Petroleum and Natural Gas, Coal, Power, Atomic Energy and New & Renewable Energy;
- Ministries/ Department: MoPNG, MNRE, Atomic Energy, Space, Coal, Power, Mines;
- Examination of the investment proposals in energy sector requiring the approval of Cabinet/ CCEA/ CoS/ PIB/ EFC for their viability and justification;
- Matters relating to ONGC Videsh Ltd. (OVL) and International Solar Alliance (ISA);
- Matters related to Committee on Allocation of Natural Resources (CANR);
- Matters relating to OPEC Fund for International Development (OFID);
- International Territorial Charge: Iran, Iraq, Israel;
- States: Maharashtra, Gujarat.

6.2.2 Major Policy Initiatives/Achievements:

6.2.2.1 ESPP Unit is the Secretariat of the Monitoring Committee (MC) set up to review the implementation status of the recommendations of the Committee on Allocation of Natural Resources (CANR). Monitoring Committee is chaired by Cabinet Secretary. Out of 81 recommendations of CANR, 66 recommendations as it is and three recommendations with reformulations were accepted for implementation by respective Ministries/ Departments. One recommendation was not accepted.

6.2.2.2 Action on remaining 11 recommendations was decided by the Department in consultation with concerned Ministries/ Departments. For implementation of recommendations pertaining to Land, following two committees under the Chairmanship of Secretary, Department of Economic Affairs were constituted –

i. Working Committee to create a centralized databank of inventory of all Govt. land including that belonging to Government controlled Statutory Authorities and CPSUs: The Government Land Information System (GLIS) has been created by Ministry of Electronics and Information Technology (MeiTy) and Ministry of Housing and Urban Affairs (MoHUA).

ii. Committee for suggesting Broad Guidelines on the issues relating to Procedures for Exchange, Transfer, Leasing, Licensing and Sale of land held by Govt. and Govt. Controlled Statutory Authorities and CPSUs. The Report of the Committee has been sent to the Cabinet Secretariat for consideration.

6.2.2.3 The Committee headed by Vice Chairman, NITI Aayog and comprising of Cabinet Secretary, CEO, NITI Aayog, Secretary, MoPNG, Secretary, Department of Economic Affairs and CMD, ONGC, on “Enhancing Domestic Oil & Gas Exploration and Production” submitted its final report in January, 2019. Cabinet Secretariat constituted a Group of Ministers (GoM) under the chairmanship of Finance Minister comprising Minister of Commerce & Industry, Minister of Petroleum & Natural Gas, Minister of Coal and Minister of State in the Ministry of Power (Independent Charge) as members, to look into the report of the Committee and make its recommendations. GoM in its meeting held on 18.2.2019 recommended the recommendations made in the final report of the Committee. The Cabinet in its meeting held on 19.2.2019 approved the policy framework on reforms in exploration and licensing sector for enhancing domestic exploration and production of oil and gas.

6.2.2.4 High Level Empowered Committee (HLEC) to address issues of Stressed Thermal Power Projects was constituted under the chairmanship of Cabinet Secretary. Secretary (Economic Affairs) was member of the Committee. The HLEC submitted its report on 12.11.2018. HLEC made recommendations relating to coal allocation, sale of power of stressed assets, regulatory and DISCOM payment issues and other recommendations. The Group of Ministers (GoM) to examine recommendations of HLEC was constituted on 07.12.2018. Most recommendations of HLEC were accepted by the GoM. CCEA in its meeting held on 07.3.2019 approved the recommendations of the GoM.

6.2.2.5 A High Level Committee (HLC) on Mines, Minerals and Coal Sectors has been constituted under the chairmanship of Vice Chairman, NITI Aayog on 19.03.2019. Secretary (Economic Affairs) is member of the Committee. The mandate of the Committee is enhancing exploration, enhancing domestic production and value addition, reducing imports and achieving rapid growth in exports. Stakeholder consultations including with State Governments were held. The Committee’s report is under finalization.

6.3. Infrastructure Policy & Programme (IPP) Unit

6.3.1 Major Functions:

- Analyzing investment proposals concerning Road Transport & Highways, Ports, Shipping, Inland Water Transport, Railways, Telecommunications, Civil Aviation & Urban Development sectors;
- Matters relating to Projects (non-PPP) of Ministry of Road Transport and Highways;
- Servicing Steering Committee, Inter-Ministerial Committees, High Level Committees, Group of Secretaries, Institutional Mechanism on the Harmonized Master List of Infrastructure Sub-sectors;
- Matters related to Evaluation Committee for finalization of PIM/EOI in respect of strategic disinvestment of CPSEs to Division holding the Sectoral Charge of relevant Ministry;
- Providing comments on DCNs received from MI Division;
- Institutions: DMICDC/NICDIT, NHAI, IRFC, Digital Communications Commission;
- External Territorial Charge: Nil;
- Ministries/Departments: Ministry of Road Transport and Highways, Shipping (including Ports & Inland Water Transport), Civil Aviation, Railways, Ministry of Housing and Urban Affairs, Telecommunications, Posts;
- States: Madhya Pradesh, Chhattisgarh.

6.3.2 Major Policy Initiatives/Achievements:

Three CCEA Notes, fourteen Cabinet Notes and four PIB Notes received from line Ministries/ Departments have been examined during the year.

6.4 Public Private Partnerships (PPP) Unit

6.4.1 Major Functions :

- Appraisal & approval of Central Sector PPP Projects as per Cabinet approved guidelines and orders for delegation of powers;
- Scheme for financial support to PPPs in Infrastructure-Viability Gap Funding (VGF) Scheme;
- Scheme for India Infrastructure Project Development Fund (IIPDF);
- PPP Policy & Programmes;
- PPP Capacity Building programmes;
- Innovative PPP interventions and PPP Pilot project initiative;
- Mainstreaming PPPs including technical assistance and programmes from bilateral/ multilateral agencies and support to State and local governments;
- International interface on PPPs and other matters concerning PPPs;
- Matters relating to management of PPP related information.

6.4.2 Government of India has systematically rolled out the Public Private Partnerships (PPP) program to bridge the infrastructure gap, augment resources and efficiency in service delivery. The objective is to create an enabling environment for private sector investment in infrastructure through PPPs for the delivery of high-priority public infrastructure and services. The PPP Cell acts as the Secretariat for Public Private Partnership Appraisal Committee and Empowered Institution (EI)/ Empowered Committee (EC) for the projects posed for financial support through DEA's Scheme for Financial Support to PPPs in Infrastructure [Viability Gap Funding (VGF)].

6.4.3 Major Policy Initiatives/Achievements:

6.4.3.1 Task Force to draw up the National Infrastructure Pipeline from FY 2019-20 to FY 2024-25

In pursuance of the Budget Announcement of Rs.100 lakh crore infrastructure investments in 5 years, a Task Force to draw up the National Infrastructure Pipeline for each of the years from FY 2019-20 to FY 2024-25 has been set up under the chairmanship of Secretary (DEA) in September 2019. The mandate of the Task Force is as under:

- To identify technically feasible & financially/ economically viable infrastructure projects that can be initiated in FY 2019-20 to FY 2024-25.
- To estimate annual infrastructure investment/ capital cost.
- To guide ministries in identifying appropriate sources of financing.
- To suggest measures to monitor the projects so that cost and time overrun is minimized.

PPP unit is working as Secretariat for the Task Force. Till date, more than 50 meetings of the Task Force have been held with 28 Departments/ Ministries engaged in infrastructure development, representatives of corporates engaged in infrastructure development & construction, representatives of Banks/ Financial Institutions, Private Equity funds and Industry Associations. Finance Minister released the summary of the report of the Task Force on 31st December, 2019. On the basis of information compliled, total infrastructure investment in India during the fiscals 2020 to 2025 is projected at over Rs. 102 lakh crore.

6.4.3.2 Public Private Partnership Appraisal Committee

The Public Private Partnership Appraisal Committee (PPPAC) was setup to streamline the procedure for approval of PPP projects, ensure speedy appraisal of projects, eliminate delays, adopt international best practices and have uniformity in appraisal mechanisms and guidelines. The PPPAC is chaired by Secretary, Economic Affairs with Secretaries of Department of Expenditure, Department of Legal Affairs, NITI Aayog and the Sponsoring Ministry/ Department as members to consider and approve the proposals of Central Sector PPP Projects. During the period from April 2019 till date, 8 projects with total project cost (TPC) of Rs.27,514 crore have been recommended by PPPAC. Out of these 8 projects, 2 are for Eco-tourism, 1 is for Port Sector, 4 are for Railway Stations and 1 is for passenger trains.

6.4.3.3 Financial Support to Public Private Partnerships in Infrastructure (Viability Gap Funding Scheme)

Infrastructure projects are often not commercially viable on account of their public good nature, having substantial sunk investment and low returns. However, they continue to be economically essential. Accordingly, the Scheme for Financial Support to Public Private Partnership in Infrastructure (Viability Gap Funding Scheme) was formulated to provide financial support in the form of grants, one time or deferred, to infrastructure projects undertaken through PPPs with a view to make them commercially viable. The Scheme provides Viability Gap Funding up to 20% of the Total Project Cost (TPC). The Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget up to further 20% of the TPC. Viability Gap Funding under the Scheme is normally in the form of a capital grant at the stage of project construction.

6.4.3.4 India Infrastructure Project Development Fund (IIPDF)

While quality advisory services are fundamental to developing well-structured, value-for-money PPPs, the costs of procuring PPPs, and particularly the costs of transaction advisors, are significant. Development of robust projects with a sound financial structure and optimal risk allocation is critical for evincing a market response in respect of the projects. The scheme for 'India Infrastructure Project Development Fund' (IIPDF) had been launched to finance the cost incurred towards development of PPP projects. The IIPDF supports up to 75% of the project development expenses.

6.4.3.5 PPP Structuring Toolkits

PPP Toolkits have been designed to assist PPP practitioners to strengthen decision-making at all key stages of the PPP project cycle and also improve the quality of the PPPs that are being developed. It is a web-based on-line Toolkit that facilitates identification, assessment, development, procurement and monitoring of PPP projects. The Toolkit is structured to cover the full life cycle of PPP projects. While the general structure has incorporated international best practices, the Toolkit has been built on specific approaches for project procurement, approval etc. currently in place in India to ensure that it forms a relevant resource for practitioners in India. The on-line nature of the Toolkit ensures updating of resource quickly as the approaches in place develop and change. The toolkit covers four sectors, viz. highways, ports, solid waste management and urban transport. The toolkit is available to practitioners through DEA PPP Unit's website, www.pppinindia.gov.in.

6.4.3.6 PPP Practitioners Guide

A comprehensive guidance for PPP practitioners titled "PPP Guide for Practitioners" has been developed to provide step-by-step guidance on various processes in the PPP project life cycle including the pre-award phase. It highlights best practices that could be adopted by practitioners, to ensure transparency, fairness and accountability in the development and implementation of PPPs. The Guide, available on DEA's PPP Unit website, i.e.www. pppinindia.gov.in, is divided into 17 modules which discusses stages and concepts in the PPP project development process. The Guide is interspersed with examples, key takeaways, web links and case studies.

6.4.3.7 Post-Award Contract Management Guidelines

Guidelines, Manuals and Online Toolkits have been developed to guide Project Authorities during the Post-Award implementation phase of the PPP project. The Guidelines / Manual have been designed to deal with the changing contexts over the concession period, uncertainties and effectively handle disputes which are critical for the overall success of the PPP projects. While the Guidelines provide key principles of Contract Management during the Post-Award phase, 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 Unit website, i.e. www.pppinindia.gov.in, and have been designed to provide practical application-oriented assistance to Project Authorities in undertaking project management

6.4.3.8 Contingent Liability Management Tool

An Application Tool has been developed for estimation and management of contingent liabilities arising from PPPs sponsored by Line Ministries, Departments and State Owned Enterprises of the Central and State Governments. The Tool is a browser based application designed to estimate contingent liabilities of PPP projects at different stages of their implementation using an inbuilt contingent liability framework that is aligned to various provisions relating to termination risks and termination payments provided in the concession agreements. This Toolkit is easily accessible through DEA's PPP Unit website, i.e. www.pppinindia.gov.in.

6.4.3.9 Guidance on use of Municipal Bond Financing for Infrastructure projects

PPP Unit, DEA has prepared a Guidance Manual which serves as a handy reference to practitioners and policy makers on the use of Municipal Bond Financing for Infrastructure projects and is available at DEA's PPP Unit website (www.pppinindia.gov.in). The initiative has been taken to build capacities of Urban Local Bodies (ULBs) to raise financing through the Capital Market for financing infrastructure projects. The Guidance Manual provides actionable step-wise inputs on preparatory actions, the regulatory framework and process of bond issuance.

7. Investment and Digital Economy Division

7.1 INVESTMENT DIVISION: Investment Division comprises of four different sections. The major functions of the Investment Division are as under:

1. To provide policy support on Foreign/Domestic Investment policies including new policy initiatives in Foreign Direct Investment (FDI)/ Domestic Investment (DI) Policy besides FDI/DI policy clarifications & related matters.
2. To coordinate with M/o Steel, MSME, M/o Textiles, Department of Chemical and Petro Chemicals, DIPAM, DIPP, DFS, RBI and SEBI, Department of Commerce and Department of Heavy Industry on investment issues and also offering them comments / suggestions on various matters as per need of the Indian economy.
3. To negotiate and conclude Bilateral Investment Treaties (BITs) and Investment Chapter of FTAs/ CECA/CEPA with other countries and regional blocks on the basis of the revised Model Bilateral Investment Treaty (BIT) Text which was approved by the Cabinet on 16th December, 2015.
4. Matter related to equity investments from both domestic and international sources for infrastructure development in commercially viable projects, both greenfield and brownfield, including stalled projects through NIIF.
5. Matters pertaining to the Evaluation Committee meeting, IMG, ECGC, EXIM BANK, NEIA etc.
6. Matter related to Gold and other precious minerals.

7.2 SECTION- WISE ALLOCATION OF WORK

A) FDI AND ODI (FOREIGN DIRECT INVESTMENT & OVERSEAS DIRECT INVESTMENT)

The main function of this section is to provide policy support on Foreign Investment policies including new policy initiatives in Foreign Direct Investment (FDI) Policy besides FDI policy clarifications & related matters. This Section primarily co-ordinates with DPIIT, DFS, RBI and SEBI on foreign investment issues and also offers them comments / suggestions on any amendment in FDI policy as per the need of the Indian economy. It also suggests measures for improving investment environment in India with respect to FDI policy.

To promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy which is transparent, predictable and easily comprehensible. Except for a small negative list, most sectors have been made open for 100% FDI under the Automatic route. 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 with the concerned regional offices of RBI. Under the Government approval route, applications for FDI proposals are considered and approved by the respective subject matter Ministries on the Foreign Investment Facilitation Portal (FIFP), the new online single point interface of the Government of India for investors to facilitate Foreign Direct Investment. Department of Economic Affairs has approved nine FDI proposals of an aggregate foreign Direct Investment of Rs. 78.75 crore during the period 1st April, 2019 to 30th November, 2019.

Government of India has reviewed the extant FDI policy on various sectors and has made following amendments (in the year 2019) in the Consolidated FDI Policy Circular of 2017 (FDI Policy), effective from August 28, 2017, and as amended from time to time:

- ***Single Brand Retail Trading**:* 100% FDI is allowed under automatic route and local sourcing norms was relaxed for up to 3 years from commencement of business for entities undertaking SBRT of products having 'state of art' and 'cutting edge' technology and where local sourcing is not possible. The recent reforms vide Press Note 4 of 2019 has further relaxed the local sourcing requirements. As per the liberalized norms, for the purpose of meeting local sourcing requirements, all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. The SBRT entity is also permitted to set off sourcing of goods from India for global operations against the mandatory sourcing requirement of 30%. The Press Note also clarifies that, 'sourcing of goods from India for global operations' shall mean value of goods sourced from India for global operations for that single brand (in INR terms) in a particular financial year directly by the entity undertaking SBRT or its group companies (resident or non-resident), or indirectly by them through a third party under a legally tenable agreement. Additionally, under the earlier FDI policy provisions, an entity undertaking SBRT could only under take retail trade through e-commerce after opening a brick and mortar store. This requirement has been relaxed under Press Note 4 of 2019 which provides that online retail trading can be undertaken prior to opening a brick and mortar store provided the brick and mortar store is opened within two years from the date of start of online retail trading.
- **Coal and Lignite Mining:** As per the existing FDI Policy amended vide Press Note 4 of 2019 dated 18.09.2019, 100% FDI under the automatic route has been permitted in coal and lignite mining for captive consumption for power projects, iron and steel and cement units and for other activities permitted under and subject to the provisions of the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957. 100% FDI under the automatic route is also permitted for sale of coal, coal mining activities including associated processing infrastructure subject to the provisions of the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957 and other relevant Acts on the subject matter. It been provided that " associated processing infrastructure"

includes coal washing, crushing, coal handling and separation (both magnetic and non-magnetic).

- **Contract Manufacturing sector:** FDI in manufacturing has been under the 100% automatic route under the FDI Policy. Press Note 4 of 2019 dated 18.09.2019, however has expanded the scope of 'Manufacturing' by including 'Contract manufacturing'. FDI in Indian entities engaged in contract manufacturing through a legally tenable contract whether on a principle to principle basis or on a principle to agent basis is also permitted under the 100% automatic route. Further, a manufacturer is permitted to sell its product manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval.
- **Digital Media:** The activity/sector of 'Digital media' has been introduced in the FDI policy vide Press Note 4 of 2019 dated 18.09.2019, allowing 26% FDI under Government approved route in uploading/streaming of news & Current Affairs through Digital Media.

Foreign Exchange Management (Non-debt Instruments) Rules, 2019

Further, Department of Economic Affairs, Government of India vide Notification No. 3392 dated 17th October, 2019 has notified Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and further amendments vide Notification No. 3910 dated 5th December, 2019. The said rules have repealed the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ("TISPRO Regulations") and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018. These rules aim to ensure an aligned and consistent foreign investment policy and to enable the central government to exercise greater control over capital flows as equity instruments.

Consequently, FDI inflows have increased manifold in the past five years as shown in data:

S. No.	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT INFLOWS (Amount in US$ Billion)				
		Equity Inflows		Reinvested Earnings	Other capital	Total FDI
		FIPB	unincorporated bodies			
1	2014-15	30.93	0.98	9.99	3.25	45.15
2	2015-16	40.01	1.11	10.41	4.03	55.56
3	2016-17	43.48	1.23	12.34	3.17	60.22
4	2017-18 (P)	44.86	0.67	12.54	2.91	60.98
5	2018-19 (P)	44.37	0.69	13.67	3.27	62.00
6	2019-20 (P) upto June 2019	16.33	0.16	3.23	1.59	21.31
Cumulative FDI inflows in India since 2000 (upto June 2019)		**439.23**	**15.62**	**143.35**	**30.58**	**628.77**

Steps taken for improving business environment to attract FDIs

Indicator	Reforms implemented
Starting a Business	● Simplified Pro-forma for Incorporating Company Electronically (SPICe) - to make incorporation of companies possible within one working day by encapsulating 5 services viz. Name reservation, DIN, Incorporation, PAN and TAN ● Value Added Tax (VAT) Registration is processed online. ● In Mumbai, registration under Shops and Establishments -made online. ● Registration with ESIC and EPFO -made fully online by eliminating all physical touch-points
Dealing with Construction Permit	● Time taken in giving various approvals during the construction cycle of a building has been brought down to 60 days ● Risk based classification has been introduced for fast-pacing building plan approval, inspection and grant of occupancy-cum-completion certificate
Getting Electricity	● Number of procedures for obtaining an electricity connection reduced from 5 to 3.

	● Time taken for obtaining an electricity connection has been reduced to 15 days ● Application for connections above 100 kVA has been made mandatorily online in Mumbai and Delhi.
Enforcing Contracts	● The Arbitration and Conciliation Act, 2015 has been amended to reduce the time taken in arbitration proceedings. ● National Judicial Data Grid (NJDG) was opened to general public on 19th September, 2015. NJDG is a national data warehouse for case data including case registration, cause list, case status and orders/judgments of courts across the country till District Level Courts.
Paying Taxes	● Mandatory online payments of contribution payment for ESIC and EPFO ● Administrative charges for Provident Fund reduced from 1.10% to 0.65% ● E-Assessment, e-proceeding and mandated e-filing of appeal has been introduced. ● Reduction in corporate tax rate from 30% to 25% for domestic companies having turnover of below INR 500 Million in FY 2015-16 ● Goods and Service Tax (GST) has been rolled out on 1 July 2017, thereby subsuming all the indirect taxes ● Time limit of completing the scrutiny reduced to from 2 years to 1 year
Getting Credit	● The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 amended SARFAESI Act, 2002 to expand the scope of security interest and extend the coverage to all types of creditors. ● Introduced provision whereby secured creditors are given priority over all other debts and revenues, taxes, cesses and other rates payable to the Central Government or State Government or local authority ● Secured creditors' rights are protected by providing clear grounds of relief and moratorium period of maximum 180 days to the secured creditors once the restructuring application has been admitted by NCLT ● Two way integration of Ministry of Corporate Affairs (MCA21) database and CERSAI database
Protecting Minority Investors	● Amended threshold for approving transactions with interested parties. Now, for transactions representing 10% or more of a company's assets approval of shareholders would be required ● With constitution of NCLT, several amendments as provided below have been brought in for Protecting Minority Investors.
Trading Across Borders	● Filing of import and export declarations and manifests has been made online with mandatory digital signature ● Infrastructure development at the JNPT port by creation of parking plaza at all 4 Terminals. In addition to this improvement in the inter-terminal process has reduced pollution, fuel saving, TAT of trucks and cost of handling ● 24x7 Customs clearance facility is available at 19 seaports and 17 Air Cargo Complexes. Since January, 2017, the officials are working at the port 24x7 in shifts. ● Mate Receipt for containerized cargo as been abolished.

B) International Investment Treaties and Framework (IITF) :

The main function of IITF Section is to negotiate and conclude Bilateral Investment Treaties (BITs) with other countries on the basis of the revised Model Bilateral Investment Treaty (BIT) Text which was approved by the Cabinet on 16th December, 2015. The new 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 maintain a balance between investor's rights and Government obligations. The new Indian Model BIT text is the base text for replacing the existing BIPA with and for having new agreements. The following steps/initiatives taken by IITF Section are as under:

Bilateral Investment Treaty (BIT) between the Republic of India and the Kyrgyz Republic has been signed on 14th June, 2019 in Bishkek.

Investment Cooperation and Facilitation Treaty (ICFT) between Republic of India and Federative Republic of Brazil has been signed on 25th January, 2020 in New Delhi.

DEA represented India in Working Group on Investment (WGI) in Regional Comprehensive Economic Partnership (RCEP) Agreement in all the meeting (TNC, Ministerial, Intersessional, Leaders Summit) till final round during 2019.

India is currently discussing and negotiating Bilateral Investment Treaties through Video Conferences/face-to face meetings with Switzerland, UAE, Morocco, Mexico, Ukraine, Russia, Mauritius, Argentina, Canada, Cambodia, Israel, Kuwait Oman and Saudi Arabia.

C) FOREIGN TRADE & SERVICES (FT)

The main function of Foreign Trade (FT) section of Investment Division is dealing with the Policy matters related to Gold including Gold Monetisation Scheme (GMS) & and Indian Gold Coin (IGC), drafting Policy for promotion of Gold as a Financial Asset Class, Negotiation of Investment Chapter under Comprehensive Economic Cooperation Agreements (CECA)/ Comprehensive Economic Partnership Agreements (CEPA)/ Free Trade Agreements (FTAs)/ Preferential Trade Agreement (PTAs), and other multilateral agreements like APTA, BIMSTEC etc. negotiated under the aegis of Ministry of Commerce & Industry with various countries and regional blocs, matters relating to EXIM Bank, ECGC and NEIA, providing advice on references received from Ministry of Commerce and Heavy Industries, Coordination within Investment Division and CABMC Cell.

Current Account Balance Monitoring Cell

To monitor the impact of imports and exports having a direct bearing on Current Account Balance, a Cell has been constituted in the Foreign Trade Section of Department of Economic Affairs, Ministry of Finance. The Cell monitors trade and services data for identification of any sudden upsurge or reduction in imports and exports in any tariff line of significance, including services.

Gold Monetization Scheme: With a view to mobilize the idle gold held by households and institutions in the country; and put this gold to productive use, e.g., by making available gold for the gems and jewellery sector; and, over time to reduce the country's dependence on the import of gold, Government launched the Gold Monetisation Scheme on 5th November, 2015.

The Gold Monetization Scheme comprise of the 'Revamped Gold Deposit Scheme' and the 'Revamped Gold Metal Loan' scheme, linked together. The minimum deposit at any one time shall be 30 grams of raw gold (bars, coins, jewellery excluding stones and other metals). There is no maximum limit for deposit under the Scheme. Depositors may avail two options for deposit :

- Short term bank deposit (1-3 years) and
- Medium and Long Term deposit (5-15 year)

Schemes GMS is running successfully. Till January 2020, approximately 20547 kilograms of gold have been mobilised under GMS. The details are as under:

Details of Gold Mobilized under GMS (5th Nov, 2015 to 31st January, 2020

Sl.No.	Types of Deposit	Deposited gold as on 31.01.2020(in grams)
1	Cumulative Quantity of Gold (in grams)	20546628.929
a	Short Term Gold Deposit	6938141.452
b	Medium Term Gold Deposit	4941944.220
c	Long Term Gold Deposit	8666543.257
2	Number of participating Banks	11
3	Number of depositors	2952

Indian Gold Coin

The Indian Gold Coin (IGC) promotes both Gold Monetization Scheme & Make in India. It is manufactured out of domestic gold (received under GMS) and it is domestically manufactured (Make in India) standard gold coins/bars in different denominations which may eventually replace the imported coins. Till January, 2020, 779.050 Kgs of Indian Gold Coin has been sold out as per summary placed below:

IGC SALES Details (5th Nov 2015 to 31st January 2020)

	Turnover (In crores)	Weight Sold (In Kgs)	Qty. Sold (in Nos.)	Denomination-wise details (in number)		
				5 GM	10 GM	20 GM
Grand Total	257.569	779.050	85679	36542	38640	10497

Investment ChapterNegotiations under CEPA/ CECA/FTAs- For the promotion of trade and investment relations with potential partner countries, a number of CEPA/CECA/FTAs with Investment Chapter are being negotiated by the Government. DEA participated in India-Peru 5th Round of Negotiations, India-Korea CEPA 8th round of Upgrade Negotiations, India-APTA Third, Fourth and Fifth Meeting of Working Groups held during the year.

D) DOMESTIC INVESTMENT (DI)

A. National Investment and Infrastructure Fund (NIIF) -

1. Background:

The establishment of the NIIF was announced vide para 47 of the Budget Speech, on 28th February 2015 and approved by the Union Cabinet on 28.7.2015. It *was* envisaged that the NIIF would attract equity investments from both domestic and international sources for infrastructure development in commercially viable projects, both greenfield and brownfield, including stalled projects. NIIF has been registered as a Category II Alternate Investment Funds (AIF) under SEBI Regulations.

National Investment and Infrastructure Fund Trustee Ltd. (“NIIF Trustee Ltd.”), which is a 100% Govt. company, is the Trustee of NIIF and National Investment and Infrastructure Fund Ltd. (“NIIF Ltd.”) is the Investment Manager, company, with GOI equity of 49% at present.

As on date, three funds i.e. National Investment and Infrastructure Fund or Master Fund, NIIF Fund of Funds-I and National Investment and Infrastructure Fund-II (or Strategic Opportunities Fund) have been established under the NIIF platform and registered with SEBI as Category II Alternative Investment Funds. A trusteeship company NIIF Trustee limited (NIIFTL) monitors the functioning of the funds. NIIF Funds are managed on a day-to-day basis by NIIF Limited, a company registered under the Companies Act, 2013 and regulated by SEBI as a fund manager of the three SEBI-registered AIFs in NIIF. Government of India has made a commitment of INR ~20,000 crore across three funds established under umbrella of NIIF.

MD & CEO, NIIF, recently met PMO on December 18, 2019, to give an update on the activities undertaken by NIIF and the proposed Global Investor Summit, 2020.

2. CURRENT STATUS OF NIIF: COMMITMENTS AND RECEIPTS OF FUNDS

2.1 Commitments and Investments by ALL Investors (as on 30.11.2019)*

Fund	Capital Commitments in Fund (INR Crores)	Co-Investment Commitments	Total Commitments	Actual Funds Received 30.11.2019 (INR Crores)
Master Fund	**12,371**	**17,248**	**29,619**	**2,159**
GoI	*6,060*	-	*6,060*	*1,058*
ADIA	*1,625*	*4,875*	*6,500*	*284*
Temasek	*687*	*2,061*	*2,748*	*120*
OTPP	*1,719*	*5,156*	*6,875*	*300*
Australian Super	*1,719*	*5,156*	*6,875*	*300*
DFI (Indian Investors)	*561*	-	*561*	*97*
Fund of Funds	**3,938**	**-**	**3,938**	**634**
GoI	*3,250*	-	*3,250*	600
AIIB	*687*	-	*687*	*34*
Others	*1*		*1*	*0*
Strategic Opportunities Fund	**10,691**	**-**	**10,691**	**666**
GoI	*10,690*	-	*10,690*	*666*
Others	*1*	-	*1*	*0*
Total	**27,000**	**17,248**	**44,248**	**3,459**

**Post November 2019, Master Fund achieved it’s fourth close with CPPIB on 18th December 2019. This has resulted in Master Fund achieving a fund raiseof INR 14,450 crore vis-à-vis its initial target size of INR 14,000 crore. CPPIB has committed INR equivalent of USD 150 million in the Master Fund with co-investment rights of USD 450 million. Accordingly, corresponding to CPPIB commitment, the 49% GoI commitment have also increased.*

2.2 Actual Status of Commitments and Investments made by Funds

<u>*All amounts are in INR crores*</u>

Master Fund	Commitment by Fund	Commitment by platform partners	Total Commitment	Capital invested by Fund* 30.11.2019
Hindustan Infra Log Private Limited	*1,240*	*2,300*	*3,540*	*984*
Ayana	*629*	*1,790*	*2,420*	*172*
*Roads***	*1,240*	*1,240*	*700*	*-*
*Smart Meters EESL JV****	*1,050*	*1,009*	*2,059*	*-*
*Mumbai Airport*****	*2,728*	*5,455*		*725*
Total	***6,887***	***11,794***	***18,622***	***1,881***

* *Amount invested excludes any management fees and operating expenses*

** *Of which INR700 Crores is expected to be committed towards acquisition of first 2 assets*

*** *Proposed capital allocation from the Master Fund*

**** *Definitive documentation has been* completed for the investment; Deal under arbitration; Amount drawn down of INR 725 crore for supporting Escrow arrangement required under arbitration.

Fund of Fund	Capital committed by Fund	Capital committed by other investors	Total commitments	Actual Funds Released by FOF 31.10.2019
Green Growth Equity Fund	*1,080*	*1,304*	*2,384*	*142*
HDFC Capital Affordable Real Estate Fund-2	*660*	*3,630*	*4,299*	*423*
Multiples Private Equity Fund III	*8,780**	*2,492*	*11,272*	*-*
Total	***10,520***	***7,426***	***17,955***	***565***

*Committed on October 2019. Fund is expected to start drawing only in Q4FY20

Strategic Opportunities Fund	Capital committed by Fund	Capital invested by Fund*
Infra Debt Platform	*800*	*519*
Total	***800***	***519***

* : Amount invested excludes any management fees and operating expenses

3. OTHER SIGNIFICANT DEVELOPMENTS

3.1 The first fund registered by SEBI is **National Investment and Infrastructure Fund, or Master Fund,** which aims to focus on investing in companies and projects in core infrastructure sectors such as transportation, energy, telecom, urban infra, etc. The Master Fund investors currently include Government of India, Abu Dhabi Investment Authority (ADIA), Ontario Teachers, Australian Super, Temasek, Axis Bank Ltd, HDFC Asset Management Company Ltd, HDFC Standard Life Insurance Company Ltd, Housing Development Finance Company Ltd, ICICI Bank Ltd, and Kotak Mahindra Life Insurance Company Limited. Target size for Master Fund is INR 14,000 crore and it has raised 12,370 crore as on November 30,2019.

3.2 Master Fund Investments

Ports and logistics platform: NIIF Master Fund created Hindustan Infralog Private Limited (HIPL), a joint venture with DP World, a global ports operator. HIPL's current portfolio includes: a) controlling stake in Continental Warehousing Corporation (CWC), leading multi-modal logistics company; b) 60-year concession to develop and operate an 18 hectare free trade warehousing zone (FTWZ) in Mumbai at an estimated cost of $78m; c) controlling stake in a cold chain business. In addition, HIPL has recently acquired 76% stake in KRIBHCO Infrastructure Limited (KRIL), a logistics company operating PFTs-cum-ICDs along with container train operations, this transaction expected to be closed in Q4 CY2019.

Renewables platform: NIIF Master Fund alongside Green Growth Equity Fund (GGEF) has acquired 51% stake (25.5% stake each) in Ayana India. Ayana is focused on developing and operating renewable power projects in India. It was created by CDC-UK in March 2017 and CDC-UK continues to own 49% stake in Ayana post the transaction. NIIF Master Fund has committed to invest $85m into Ayana in the first tranche. Ayana currently has a portfolio of 800MW of solar power projects which are in different stages of development.

Roads platform: NIIF Master Fund has signed definitive documents to create the roads platform in partnership with Roadis, a wholly owned subsidiary of PSP Investments. The platform will target to jointly invest equity of up to USD 2.1 billion to create one of the largest roads platform in India. NIIF is conducting diligence for acquisition on 3 large portfolios of operating roads projects. It also recently submitted a binding bid for acquisition of operational road projects of ITNL as well as TOT-3 assets. NIIF has also entered into an MOU with NHAI for financing of the expressway projects.

Energy Efficiency Platform: NIIF and Energy Efficiency Services Limited (EESL) have created a new platform SPV which will be engaged in funding, implementing and maintaining the smart meter infrastructure for the smart meter implementation contracts for various state electricity distribution companies ("discoms"). NIIF will own 51% stake in the SPV while EESL will own the remaining 49% stake. This will be an exclusive arrangement wherein EESL will procure contracts from various discoms and bring each such contract to the SPV for funding and implementation. SPV will also have the right to bid for any smart meter related contract/tender floated by any discom. The definitive documentation for this partnership were signed in Aug 2019; incorporation of the company and recruitment of key management personnel for the SPV is currently underway and is expected to be completed by end of Q1 CY2020.

Investment pipeline: NIIF Master Fund is actively evaluating opportunities in the airports, mid/downstream oil and gas and telecom sector. The Fund recently completed definitive documentation for acquisition of a controlling stake in Mumbai International Airport Limited in partnership with Abu Dhabi Investment Authority (ADIA) and PSP Investments.

3.3 NIIF Fund of Funds-I: In March 2019, the Fund of Funds ('FoF') admitted Asian Infrastructure Investment Bank (AIIB) as the anchor investor with a US$100 million commitment and a potential US$100 million prior to the final closing of the FoF. With this closing, the FoF capital commitment is now US$600 million (including GOI's commitment of US$500 million). Target size of FoF is INR 6500 crore (~USD 1 billion)

3.4 Renewables Platform:

The Green Growth Equity Fund (GGEF) is the first investment of NIIF's Fund of Funds-I. FoF and the UK Government through DFID (Department of International Development), as Anchor investors have committed INR 10,800 million (~GBP 120 million) each into the Fund. It is managed by EverSource Capital, an equal joint venture between Everstone Group and Lightsource BP.

GGEF will invest in scalable green and sustainable businesses across the themes of renewable energy, energy efficiency, e-mobility and resource conservation.

GGEF has set up 4 platforms and overall has committed ~59% of the current fund size to the various platforms.

- Ayana India, a utility scale renewables platform: GGEF has committed ~INR 6,290 million to this platform, along with an equivalent amount of co-investment from the NIIF Master Fund. Ayana India currently has a portfolio of 800MW of solar power projects which are in different stages of development.
- Radiance Renewables, a commercial and industrial distributed energy platform: GGEF is incubating this platform and has committed ~INR 2,830 million to this platform.
- EverEnviro Resource Management, an integrated waste management platform: This

platform will look at opportunities in the across Municipal Solid Waste (C&D, C&T and WtE), Industrial / Hazardous / E-waste and Effluent treatment. GGEF is incubating this platform and has committed ~INR 2,050 million.

- GreenCell Mobility, a e-mobility platform: This platform will provide mobility as a service by owning and operating e-buses. GGEF has committed ~INR 2,800 million to this platform.

GGEF continues to evaluate investment opportunities within the platforms and other sectors within their investment mandate.

3.5 Affordable Housing Fund Investment: FoF has made its second investment in HDFC Capital Affordable Real Estate Fund-2 (HCARE-2). NIIF has committed INR 660 crores to HCARE2 in October 2018, while the other investor is ADIA has joined with an INR 3,300 crore commitments. This fund is managed by HDFC Capital Advisors. The target sectors of this fund are urban Mid-income and affordable housing in key large cities. HCARE2 has already committed to invest >80% of the fund; >60% of NIIF's commitment has been funded. Projects underlying these investments collectively comprise of ~ 52.5 million sqft of saleable area. HCARE2 has also started payment of distributions to FoF. As on September 2019, ~INR 16.7 crore has been received as distributions.

3.6 Growth Equity: FoF's third commitment is to Multiples Private Equity Fund III (Fund III), a mid-market growth equity fund. The fund is currently being raised and it is managed by Multiples Alternate Asset Management. NIIF has committed INR 8,780 million (~USD 125 million) at first close of Fund III, which has also seen participation from some of the leading multilaterals and pension funds.

Multiples is one of the leading managers in the mid-market space in the country with previous track record of successfully raising and deploying 2 funds and USD ~ 1 billion in a similar strategy, over the last decade. This fund will enable provision of equity capital into the Indian mid-market segment allowing them to scale-up over a period of time. A large portion of the capital is expected to be channeled into sectors that have strong returns potential as well as high direct and indirect development impact.

3.7 NIIF Strategic Opportunities Fund or NIIF -II

The third fund i.e NIIF-II has been established to invest largely in equity and equity-linked instruments. The Strategic Opportunities Fund will focus on securing minority or majority stakes in growth companies /assets whose products and services cater to the domestic India market and are likely to enjoy stable growth over the next decade.

3.8 Infra Debt Platform:

NIIF-II has acquired a controlling interest (~59% equity shareholding) in IDFC Infrastructure Finance Limited ('IFL'), a Non-Banking Finance Company ('NBFC') registered with the Reserve Bank of India ('RBI') as an Infrastructure Debt Fund ('NBFC-IDF'), for a consideration of INR ~517 crores. HDFC Limited, an 11% existing shareholder, will continue to remain invested in the IDF. The Strategic Opportunities Fund intends to create an infrastructure debt financing platform to address the shortage of long-term debt for infrastructure projects. The acquisition of the IDFC Infrastructure Debt Fund is the first step in the execution of this strategy. Following the acquisition, the name of the Company has now been changed to NIIF Infrastructure Finance Limited ('NIIF IFL').

The IDF has a current loan book of 60+ assets amounting to INR 4,800+ crores and zero gross NPAs. Post the firstclosing, NIIF has been actively involved in a number of key initiatives to ensure a smooth transition of the business and to support its continued growth. These include:

- Debt Funding: Leading discussions for arranging debt funding from large Indian institutions (e.g. LIC, SBI) and international institutions (e.g. IFC, ADB, CDPQ, SMBC and select other investors) to facilitate debt funding raising for continued growth of the business; LIC and SBI have recently sanctioned debt funding of INR 500 crore each to IFL.
- Loan Book: Discussions with the State Bank of India ('SBI') and certain private sector banks to take over infrastructure loans on a selective basis;
- Governance: (i) Undertaken a detailed review of policies to strengthen the governance framework including enhancing the quality of credit committee with addition of nominees on the credit committee with extensive underwriting experience. (ii)Transition of relevant business and support functions out of IDFC to enable IFL to operate as a stand-alone entity

As part of the transaction structure, to acquire the balance 30% equity stake, NIIF-II has incorporated Aseem Infrastructure Finance Limited ('AIFL'). AIFL has received an in-principle approval from RBI for registration as a NBFC-Infrastructure Finance Company (NBFC-IFC). AIFL at incorporation has been capitalized with INR 2 crores and is expected to be capitalized further to comply with the RBI regulations on Net Owned Funds for NBFC-IFCs.

The second tranche (acquisition of balance 30% equity stake by AIFL from IDFC) is expected to close in Q4 FY20. It is expected that the IFL and AIFL will capitalize on the synergies and work in a complimentary manner to become a significant player in the Indian infrastructure debt financing segment.

It is also expected that the NIIF debt financing platform will attract further international capital (equity and debt) into the Indian infrastructure sector.

3.9 Fund Raising:

Master Fund:

As of November 2019, the Master Fund had reached a size of INR 12,370 crore. In addition, Master Fund has a co-investment pool of INR 17,250 crore. Investors in the Fund include Ontario Teachers', AustralianSuper, Abu Dhabi Investment Authority, Temasek, Kotak Life, Axis bank, HDFC Group and ICICI Bank.

Note: –Master Fund achieved it's fourth close with CPPIB on 18th December 2019. This has resulted in Master Fund achieving a fund raiseof INR 14,450 crore vis-à-vis its initial target size of INR 14,000 crore. CPPIB has committed INR equivalent of USD 150 million in the Master Fund with co-investment rights of USD 450 million.

Fund of Funds:

ADB has received board approval of USD 100 mn (INR equivalent) investment in the Fund of Funds. Negotiations on key terms is underway.

NIIF has engaged with NDB who has expressed interest in investing into the FoF. NDB has completed its due-diligence and will present it in their upcoming board meeting.

Other discussions:

Sanabil, Saudi Arabia – Sanabil, an entity of PIF has completed due-diligence on NIIF Funds. Next steps are awaited from Sanabil.

4. Strategy and Policy:

NIIF has been working closely with government and other stakeholders to develop and refine investment ideas in infrastructure. NIIF has conceptualised newer financing structures for large highway/expressway projects under NHAI and logisitics projects under DMICDC. The Fund is working with the Indian Railways on an investment approach for developing and modernising railway stations.

In parallel, NIIF has also been providing assistance to help strengthen the investment environment for the infrastructure sector. For instance, NIIF is contributing to the working group on the National Infrastructure Pipeline for conceptualising the INR 100 trillion infrastructure investments. NIIF worked with GOI to deliberate and resolve outstanding investors' concerns relating to InvITs and Infrastructure Debt Funds. The team also played a role in the working group on the NABH Nirman Airports Policy and actively contributed to the recent airports concessioning process.

A. FinTech -

Steering Committee on Fintech: In pursuance of the Budget Announcement of 2018-19 regarding the need to promote FinTech ecosystem in India to help growth of MSMEs, Department of Economic Affairs constituted a steering committee under the chairmanship of Secretary Economic Affairs, to consider various issues relating to development of FinTech space in India with a view to make FinTech related regulations more flexible and generate enhanced entrepreneurship in an area where India has distinctive comparative strengths vis-à-vis other emerging economies. The other Members of the Committee were MSME, MeitY, DFS, CBEC, UIDAI, RBI, SEBI and Invest India. The Committee deliberated on how FinTech can be leveraged to enhance financial inclusion of MSMEs. A sub group under this committee was also formed with a view to enable flow based lending, using the Goods and Services Tax Network (GSTN) data base for creating a repository of 'trusted invoices', to be made available to lenders through an Open Application Programming Interface (API) system. **The committee submitted its report to the Hon'ble Finance Minister on 2nd September. The report was circulated to the concerned Ministries/Departments for taking necessary action on the recommendations made in the report. Further, an Inter Ministerial Steering Committee (IMSC) has been set up in Department of Economic Affairs for implementation of recommendations made in the report.**

B. SWAMIH:

A "Special window" Fund has been launched to provide last mile funding to stressed affordable and middle-income housing projects, which would in turn provide relief to developers that require funding to complete unfinished projects and consequently ensure delivery of homes to the home-buyers. The Special window Fund is in the form of one or more Alternate Investment Funds ("AIFs"). Contributor to the fund will be Government of India, banks and other financial institutions.

The"**Special Window"** will be managed by one or more professional asset or investment management companies; or through any other suitable structure or arrangement as may be approved by the Department of Economic Affairs in consultation with the stakeholders**.**

The total commitment of funds to be infused by the Government in the affordable and middle-income group housing sector through the AIFs under the Special Window would be up to INR 10,000 crores, which may be released when required, through appropriate budget allocations. Government's contribution towards the Special Window would not be allowed to fall under 10% of the total contributions made under Special Window, unless an approval in this regard is taken from the Hon'ble Finance Minister.

The first fund/AIF formed/funded under the Special Window has made its first closing with investment amount of INR 10,530 crores on 6.12.2019.

8. FB & ADB Division

8.1 Introduction

8.1.1 The FB & ADB Division is concerned with policy matters of Multilateral Institutions like World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), IFC, MIGA and related Institutions. FB & ADB Division is also the nodal point for facilitating and monitoring Externally Aided 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 Development Network (GDN), Global Alliance for Vaccines and Immunization (GAVI), The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and Global Facility for Disaster Reduction and Recovery (GFDRR).

8.2 World Bank Group

8.2.1 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 reaching the Millennium Development Goals aimed at sustainable poverty reduction.

8.2.2 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) for various developmental projects. Fund Bank & ADB Division, DEA 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).

8.3 India and World Bank Group

8.3.1 In the Resolution of Capital Increase of the International Bank for Reconstruction and Development (IBRD) (adopted on October 1, 2018) India was allocated additional 15,252 shares (through General Capital Increase and Selective Capital Increase). India became the 7th largest shareholder in IBRD with a total subscription of 3.11%. The Resolution provides that members will have 5 years from the date of adoption of the Resolutions to subscribe their allocated shares.

8.4 World Bank India Portfolio

8.4.1 The World Bank India portfolio as of November 30, 2019 comprises approximately 96 projects amounting to approximately USD 23.4 billion with an undisbursed balance of USD 14 billion. The World Bank projects are spread across sectors like Urban Development, Transport, Education, Health, Rural Development, Panchayati Raj Institutions, Irrigation, Water Supply Power, Tourism, Governance, Environment & Forest etc. Major World Bank assisted projects are Swachh Bharat Mission Support Operation, National Ganga River Basin Project, Dam Rehabilitation & Improvement Project, PMGSY Rural Roads Project, National Rural Livelihoods Project, Skill India Mission Operation etc.

8.5 Major activities pertaining to the World Bank in 2019-20

8.5.1 **Loan Signed & Disbursement:** Nine World Bank assisted (IBRD) projects were signed during April-November 2019, amounting to USD 2.26 billion of assistance. The projects signed during year 2019 included The First Resilient Kerala Program Development Policy Operation, Jharkhand Municipal Development Project, Rajasthan State Highway Development Project Phase-II, UP Core Road Network Development Project, Odisha Integrated Irrigation Project for Climate Resilient Agriculture, Tamil Nadu Health System Reform Program, Program towards Elimination of Tuberculosis, Andhra Pradesh Health Systems Strengthening Project and the Uttarakhand Public Financial Management Strengthening Project. Total Disbursement for the period April to November 2019 was approximately USD 2.43 billion (IBRD approximately USD 1.81 billion).

8.5.2 **Monitoring of the World Bank Portfolio:** Portfolio performance has improved over the years as a result of regular review meetings such as Tri-partite Review Meetings for ongoing projects and Pipeline Review Meetings for pipeline projects. The meetings are organised jointly by Government of India and World Bank and attended by officials from Department of Economic Affairs (DEA), World Bank and Implementing Agencies of World Bank assisted projects. During April - November, 2019, two Pipeline Review Meetings were held on August 22, 2019 and November 18, 2019 and one Tri-Partite Portfolio Review Meeting was held on May 30-31, 2019 for reviewing World Bank assisted projects of various sectors. Another TPRM for ongoing projects is being held in Bhopal from 4-6 December, 2019.

8.5.3 **India as donor to IDA:** During the IDA 18 Replenishment Meetings, it was announced by India that it would prefer the Word Bank Group to meet its needs through IBRD resources and hence, part of the IDA resources offered to India as transition support be made available to meet the needs of other IDA clients. Thus, India would no longer be a borrower from IDA. As a commitment to India's shared objective of eliminating extreme poverty, reducing vulnerability and increasing resilience across countries, India decided to become donor to IDA with a contribution of USD 200 million to

IDA 17 replenishment. In furtherance of its commitment towards the IDA countries, India announced a pledge of INR 12.25 billion as its contribution towards IDA 18 replenishment. Payment of the third and final instalment of INR 4,083,340,000 towards India's contribution to IDA 18 is due in January 2020. Discussions around the Nineteenth Replenishment of IDA have begun. The first replenishment meeting of IDA 19 was held in Washington DC during 14-15 April 2019. The second replenishment meeting was held during 17-20 June 2019 in Ethiopia. The third replenishment meeting was held from October 21-22, 2019 in Washington DC. The fourth and final meeting will take place on December 12-13, 2019 in Stockholm, Sweden.

8.6 Meetings of Fund Bank

8.6.1 **The Spring Meetings of the IMF/World Bank** meetings of G-20, BRICS and investor/ other associated meetings were held in New York and Washington DC, USA from April 9-13, 2019. The Finance Ministry delegation led by the Hon'ble Finance Minister comprised Secretary (DEA), CEA, Director (IMF) and Director (WB). The Hon'ble Finance Minister held investor meetings viz. Business Roundtable organized by CII-USIBC and Financial Sector Business Roundtable organized by FICCI-USISPF. The Secretary (DEA) held investor meetings viz. FPI Roundtable organized by HSBC and USIBC, closed door Dinner Roundtable with representatives of the US Industry hosted by USISPF. The Secretary (DEA) also held bilateral meetings with Mr. Nicholas Stern, former Member of the G20 EPG , Mr. Mark Bowman, DG of International Finance, UK , Her Majesty Queen Maxima of Netherlands, as UN Secretary General's Special Advocate on inclusive Finance for Development, Mr. Luis Alberto Moreno, President IDB, Dr. Mohammad Humayon Qayoumi, Afghan Finance Minister, Mr Takehiko Nakao, President ADB, Mr. Marco Buti, DG ECFIN, Ms. Odile Renaud Basso, Head of the French Treasury, Mr Alexander De Croo, Finance Minister of Belgium, CEO - World Bank, CEO - IFC and MIGA and Mr. David Lipton, First Deputy MD of IMF.

8.6.2 **The Annual Meetings of the IMF/ World Bank,** meetings of G-20, BRICS and investor/ bilateral and other associated meetings were held in New York, Washington DC and Chicago, USA from October 15-20, 2019. The Finance Ministry delegation led by the Hon'ble Finance Minister comprised Secretary (DEA), Additional Secretary (FB and ADB), PS to FM, Director (IMF), Director (WB), Director (IER) and Deputy Secretary (Investment). The Hon'ble Finance Minister addressed the Columbia University's School of International and Public Affairs and met with a group of economists organized by the CII at the Indian Embassy. The Hon. FM also held investor meetings viz. Roundtable organized by USISPF and FICCI, in collaboration with Bank of America, global investors' meet organized by FICCI and USISPF, Roundtable organized by the USIBC and CII. The Hon'ble Finance Minister also held bilateral meetings with Mr.Sajid Javid, Chancellor of Exchequer United Kingdom, Rt. Hon. Alok Sharma, Secretary of State for Development of the United Kingdom, Mr. Hong Nam Ki, Finance Minister and Deputy Prime Minister of South Korea, Mr. Anton Siluanov, First Deputy Prime Minister and Finance Minister of Russia, Ms. Baktygul Jeenbaeva, Finance Minister of the Kyrgyz Republic, Mr.Ulei Maurer, Finance Minister of Switzerland, Mr. Josh Frydenberg, Australian Treasurer, Mr. Ibrahim Ameer, Finance Minister of Maldives, Steven Mnuchin, US Treasury Secretary, Mr. Roberto Gualtieri, Italian Minister of Economy and Finance, Mr.Tharman Shanmugaratnam, Senior Minister and Coordinating Minister for Social Policies of Singapore, Mr. David Malpass, President of the World Bank Group, Mr.Masatsugu Asakawa, Special Advisor to Japanese Prime Minister and Candidate for the post of President ADB, Mr. Tadashi Maeda, Governor of JBIC, Mr. Bill Winters, Global CEO of Standard Chartered. The Secretary, Economic Affairs addressed a group of investors in a seminar organized by JP Morgan. The Secretary, Economic Affairs also held bilateral meetings with Mr. Brent McIntosh, Under Secretary of the US Treasury, Ms. Odile Renaud-Basso, Director General of the French Treasury, Ms. Anshula Kant, MD and CFO of the WBG, Mr. Akihiko Nishio, VP (Development Finance), WB, Ms. Ceyla Pazarbasioglu-Dutz, VP (EFI), WB, Senior management and analysts of Moody's.

8.7 International Finance Corporation (IFC)

8.7.1 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 has a shareholding of 4.01%, the sixth largest along with that of the Russian Federation. India holds 3.82% of the voting power. India's Executive Director represents a constituency equal to 4.61% voting power. There are three other countries in India's constituency at the IFC, viz. Bangladesh, Bhutan and Sri Lanka. IFC has committed over USD 20 billion in India since the first investment in 1958. Currently, IFC investments are spread over 200 clients in India. As of June 2019, IFC's own account committed portfolio in India stood at approximately USD 6.9 billion, making India IFC's largest portfolio exposure accounting for about 12% of its global portfolio. India is also one of IFC's largest advisory client, as well as the IFC regional hub for South Asia. The IFC's investments in India are spread across priority sectors like infrastructure, manufacturing, financial markets and SMEs, affordable housing, renewable energy, low-income states, gender development and climate change. Keeping in alignment with the Country Partnership Strategy (CPS) of the World Bank Group, IFC uses its private sector expertise to support the economic growth that is inclusive, productive and sustainable. IFC continued to deliver over USD 2.0 billion in FY19 (July 2018-June 2019) with a commitment of USD 2.3 billion (including mobilised financing) in India. Under its Five-Year Country Strategy that covers the period of FY17 through FY21, IFC is aiming to invest USD 2-3 billion (including mobilization) per annum. During FY19, DEA has approved a total of 31 Article III Notifications; further, DEA has granted approval for five advisory engagements of IFC between July 2017 and June 2018 and six since July 2018.

8.8 International Monetary Fund (IMF)

8.8.1 India is a founder member of the International Monetary Fund, which was established to promote a cooperative and stable global monetary framework. At present, 189 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, Bhutan and Sri Lanka. Governor, Reserve Bank of India (RBI) is India's Alternate Governor.

8.8.2 **Meetings of Board of Governors:** The Board of Governors usually meets twice a year viz. the Spring Meetings and the Annual Meetings of the IMF and World Bank to discuss the work of the respective institutions. 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 (DC), which discusses progress on the work of the IMF and World Bank. The 2019 Spring Meeting of the International Monetary Fund and World Bank Group was held in New York and Washington DC, USA from April 9-13, 2019. The Annual Meetings of the IMF and World Bank was held in New York, Washington DC and Chicago, USA during from October 15-20, 2019.

8.8.3 **India and IMF:** The membership of the Fund is committed to maintain a strong, quota-based, and adequately resourced IMF. IMF's total resources presently include the following:

a. ***Quotas:*** Primary source of financing for lending;

b. ***New Arrangements to Borrow (NAB)*** acts as the second line of defence i.e. after quota resources are exhausted substantially; and

c. ***Bilateral Borrowing Agreements (BBAs)*** provide a third line of defence.

a). India's Quota and Ranking: The 2010 IMF Quota and Governance Reforms (including the 14th General Reforms of Quotas) came into effect on January 26, 2016. Consequently, India's quota in the IMF is SDR 13,114.40 million with a shareholding of 2.75%. India ranks 8th in terms of quota holding in IMF. Consequent to this Quota Increase in IMF, India has provided for the Quota increase of SDR 7292.9 million under the 14th General Review of Quotas as SDR 1,823,225,000 through India's SDR holdings for Reserve Asset Portion (25% of quota increase) and SDR 5,469,675,000 for Local Currency Portion (75% of quota increase) through issuance of non-interest bearing, non-negotiable Government of India Rupee Securities.

b). India's contribution to New Arrangements to Borrow (NAB): 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). As part of efforts to overcome the global financial crisis, in April 2009, G-20 economies agreed to increase the resources available to the IMF by up to $500 billion to support growth in emerging market and developing countries. The increase was made through (i) increase in bilateral financing from IMF members and (ii) by incorporation of this financing into an expanded and more flexible NAB. The amended NAB, which became effective on March 11, 2011 increased the maximum amount of resources available under NAB to SDR 370 billion from SDR 34 billion.

The NAB was rolled back from SDR 370 billion to SDR 182 billion, pursuant to the effectiveness of the 14th Review quota increase resulting in a decline in the financing ratio (NAB: quota) from 3:1 to 1:1. However, the NAB continues as a standing facility and the rolled back NAB resources continue to be counted toward the Fund's overall lending capacity. As NAB arrangement expired on November 16, 2017, India had already concurred to the proposal to renew the NAB for a period of five more years upto November 2022.

c). India's contribution to Bilateral Borrowing Arrangements (BBA): BBAs are used as a third line of defense after quota and NAB resources are exhausted substantially. At the Los Cabos G20 Summit in 2012, the IMFC and G20 jointly called for further enhancement of IMF resources for crisis prevention and resolution through temporary bilateral loans. This included BRICS countries wherein USD 10 billion was contributed each by India, Brazil and Russia. India's commitment of contributing USD 10 billion is implemented through the mechanism of Note Purchase Agreement (NPA) between Reserve Bank of India (RBI) and the IMF.

India has agreed to commit USD 10 billion to the BBA 2016 as on August 10, 2017, which was to expire in December 2019. However, India has consented to a one-year extension of term through December 31, 2020 of the Note Purchase Agreement to effect the BBA 2016 between IMF and RBI.

8.8.4 **South Asia Regional Training and Technical Assistance Center (SARTTAC) :** A Memorandum of Understanding was signed between India and International Monetary Fund for setting up of South Asia Regional Training and Technical Assistance Centre (SARTTAC) in India by the International Monetary Fund on March 11, 2016. The Centre has been officially inaugurated on February 13, 2017. SARTTAC serves six member countries of Bangladesh, Bhutan, India, Maldives, Nepal & Sri Lanka. It provides training to government & public sector employees, enhance their technical and analytical skills and improve the quality of their inputs into policy. It also provides technical assistance to governments and public institutes in various areas such as macroeconomic policy, macro & micro prudential regulation, financial sector supervision as well as national accounts statistics and forecasting.

India has contributed USD 32.8 million of which the first installment of USD 15.0 million to SARTTAC was paid in August, 2016 and the balance USD 17.8 million was paid in November, 2017.

8.8.5 **Article IV Consultations :** 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 was held during Aug 20 - Sep 3, 2019.

8.9 Asian Development Bank

8.9.1 **Membership of ADB:** India became a founding member of the Asian Development Bank (ADB) in 1966. The Bank is engaged in promoting economic and social progress of its developing member countries (DMCs) in the Asia Pacific Region. The main instruments that it uses to do this are making loans and equity investments, providing technical assistance for the preparation and execution of development projects and programs and other advisory services, guarantees, grants and policy dialogues.

8.9.2 ADB has 68 members (including 49 regional and 19 non-regional members), with its headquarters at Manila, Philippines. ADB's authorized & subscribed capital stock is US$163.12 billion of which India's subscription is US$10.3 billion. India is holding 6.317% of shares, totalling 672,030 shares {@US $ 12063.5 per share), in ADB. India has 5.347% voting rights. Japan and the US represent the largest shareholders with 15.571% each of shares. China and India are the third (6.429%) and fourth (6.317%) largest shareholders respectively.

8.9.3 ADF is a special fund of ADB, which is utilized for extending financial support to Group A (and selectively Group B) member countries, which have lesser credit worthiness and are prone to debt distress and other vulnerabilities. India became a donor to Asian Development Fund (ADF) since July 2014 and contributed US$ 30 million for the 11th Replenishment of ADF. For ADF-XII, India has pledged an amount of US$40 million. ADB provides concessional finance through ADF to the Developing member countries based on the agreed yardsticks.

8.9.4 Asian Development Bank has a Board of Governors (BoG), a Board of Directors (BoD), a President, six Vice Presidents and other necessary officers & staff. Like other members, India is also represented on the BoG. The Finance Minister of India is the designated Governor for India. All the powers of the Bank vest in the BoG. The BoG exercises its powers and functions with the assistance of the BoD, to whom powers are delegated for specific functions. India is represented in the BoD by a nominee of the GOI as Executive Director (ED). ED is supported by officers from India (two Advisers and one Executive Assistant).

8.9.5 Annual Meetings of BoG is held in a member country in early May every year. Annual meetings are occasions for Governors of ADB members to provide guidance on ADB administrative, financial, and operational directions. The meetings provide opportunities for member governments to interact with ADB staff, non-government organizations (NGOs), media, and representatives of observer countries, international organizations, academia and the private sector. 46th Annual Meeting of ADB was hosted by India during 2-5 May, 2013 in New Delhi. The 52nd Annual Meeting of ADB was held in Fiji during May 1-4, 2019. Bilateral meetings were held with a number of countries on the sidelines of the Annual Meeting.

8.9.6 ADB assistance to India commenced in 1986. ADB's annual sovereign lending in India increased to an all-time high of US$3.03 billion in the calendar year 2018. The disbursement and contract awards also rose to an all-time high figure of US$2.19 billion and US$2.46 billion respectively. During the year 2019, sovereign lending is expected to go even higher to US$3.18 billion. The ongoing portfolio of ADB projects in India (sovereign lending) consists of 77 loans for US$13.8 billion (on commitment basis). On approval basis, the portfolio consists of 79 sovereign loans for US$14.5 billion. ADB's private sector investments in India include projects in renewable energy, financial inclusion, railways, health etc. ADB committed US$ 809 million in 2019 for its private sector investments in India. Portfolio performance has improved over the years as a result of regular review meetings such as Tripartite Portfolio Review Meetings for ongoing and pipeline projects. During January-December 2019, three such Tripartite Portfolio Review Meetings were held.

8.9.7 ADB assistance to India supports the Government's development priorities, evolving focus areas, and flagship initiatives. The India country partnership strategy (CPS) of ADB provides the overarching framework for ADB's operations in India. In line with the Government of India's guiding principle that multilateral development partners add value beyond tangible investments, ADB leverages knowledge, supports capacity development, and incorporates innovation and best practice into its operations. The Country Partnership Strategy (CPS) of ADB for India for the period 2018-22 was approved in September, 2017.

8.9.8 ADB interventions in India span six sectors of operation: transport; energy; urban infrastructure and services; finance; skills; and agriculture and natural resources.

- The ADB transport sector program aims to improve connectivity and accessibility, promote safe and environment-friendly practices, and enhance in-country and sub-regional trade corridors and facilities.
- Energy sector initiatives contribute to the strengthening of power transmission and distribution networks in India. ADB supported initiatives aim to provide uninterrupted power supply to all, while promoting low-carbon solutions, renewable—including solar energy, and energy efficiency.
- The urban sector program focuses on expanding the coverage, quality, and continuity of basic services to improve the urban quality of life. It is aligned to support the three GoI urban flagship initiatives.
- The finance sector program endeavors to support leveraging of finance for infrastructure through loans and equity finance, investment funds, credit lines, and guarantees.
- ADB’s agriculture and natural resources sector interventions provide assistance in the key areas of water use efficiency and climate resilience.
- ADB’s skills development program endeavors to contribute to an increase in the supply of qualified labor to industries and services essential to growth. The program includes support to State-level efforts in skills development with a focus on quality and outcomes.

8.9.9 South Asia Sub-regional Economic Cooperation (SASEC) Program brings together Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka in a project-based partnership. Under this flagship Program, ADB has been working with the SASEC member countries to build cross-border power lines, introduce policy measures to facilitate regional trade, and connect roads for movement of goods and people. SASEC countries share a common vision of boosting intraregional trade and cooperation in South Asia, while also developing connectivity and trade with Southeast Asia through Myanmar, to the East Asia, and the global market. The SASEC Vision was launched in April 2017 during the SASEC Finance Ministers Meeting in New Delhi. A 10 year Operational Plan 2016-25 contains the pipeline of projects across transport, energy, and trade facilitation. During the annual meeting of SASEC Nodal Officials held in March 2019, ADB also shared the contours of SASEC maritime cooperation programme and developing tourism in SASEC countries.

8.9.10 Building the capacity of various executing agencies has been an important element of ADB's assistance to India. The Capacity Development Resource Center was established at ADB's India Resident Mission; it collaborates with leading experts and national training institutes to develop and deliver training courses for executing agencies on operational matters as well as technical and substantive issues relating to ADB operations in India.

8.9.11 Technical Assistance (TA) program has also 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.

8.9.12 ADB has a Technical Assistance Special Fund (TASF) for providing technical assistance to Developing Member Countries (DMCs) for capacity building development in the formulation, design and implementation of projects to facilitate effective use of external financing. India has been voluntarily contributing to TASF since 1970.

8.10 Global Alliance for Vaccines and Immunizations (GAVI Alliance)

8.10.1 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.India is not only a recipient, but also a contributor to GAVI Alliance. As per 'Contribution Agreement' signed between Government of India and GAVI, India committed to contribute USD 1 million per annum to the GAVI Alliance for the years 2013-14 to 2016-17.

8.10.2 A proposal of MoHFW was received in 2017 for enhancement of India's contribution to the GAVI in the next replenishment cycle 2017-21. The proposal was examined in DEA and it was decided with the approval of Hon'ble Finance Minister that the Govt. of India will make a contribution of US$ two million per annum to GAVI, i.e., a cumulative contribution of US$ 8 million for the next replenishment cycle of GAVI of four years.

8.10.3 India's contribution to the GAVI for 2017-18 (USD 2 million) was paid in March 2018. The second installment towards Govt. of India's contribution to the GAVI for 2018-19 (USD 2 million) has been paid in January 2019. The third installment towards Govt. of India's contribution to the GAVI for 2019-20 (USD 2 million) has been paid in November 2019.

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

8.11.1 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 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.

8.11.2 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 committed USD 16.50 million to GFATM for the fourth replenishment period 2013-16.

8.11.3 With the approval of the Finance Minister, a 'Multi-Year Contribution Agreement' has been signed between Government of India and the GFATM on 05.12.2016 for India's contribution of US$ 20 million to the Global Fund during the Fifth Voluntary Replenishment cycle 2017-19 as per following schedule (i) US$ 6 million in 2017 and (ii) @US$ 7 million in 2018 & 2019. India's contribution for the year 2018 (USD 7 million) has been paid in June, 2018.Last contribution for the year 2019 (USD 7 million) was paid in the month of June 2019.

8.11.4 A proposal of MoHFW was received in 2019 for enhancement of India's contribution to the GFATM in the Sixth Voluntary Replenishment cycle 2020-22. The proposal was examined in DEA and it was decided with the approval of Hon'ble Finance Minister that the Govt. of India will make a contribution of US$ 22 million over 3 years to the Global Fund during the Sixth Voluntary Replenishment Cycle 2020-22 as per the following schedule (i) US$ 7 million in 2020 and (ii) US$ 7 million in 2021 & (iii) US$ 8 million in 2022.

Position of ATNs – IMF Section

(FB & ADB Division, DEA)

Sl. No.	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 PAC
1	2014	Report 1 of 2014, Demand No.32, Para 3.16 (Annexure 3.14, Item 23 to 25)	-	-	Submitted
2	2014	Report No. 1 of 2014, Demand No. 32, Para 3.16 (Annexure 3.14)	-	-	Submitted
3	2015	Report No. 1 of 2015, Demand No. 33, Para 3.12 (Annexure 3.10 & 3.15, Annexure 3.13)	-	-	Submitted
4	2016	Report No. 34 of 2016, Demand No. 34, Para 3.16 (Annexure 3.13, Item 21), Para 3.17 (Annexure 3.14, Item 6)	-	-	Submitted
5	2016	Report No. 34 of 2016, Demand No. 34, Para 3.18 (Table 3.9, Item 3)	-	-	Submitted
6	2017	Reports No. 44 of 2017, Demand No. 29, Para 3.15 (Annexure 3.12, Item No: 13), Para 3.17 (Annexure 3.14, Item 4)	-	-	Submitted
7	2019	Reports No. 2, Demand No. 29, Para No. 3.3, Table 3.2, Item No. 9	-	-	Submitted

9. International Economic Relations Division

9.1. IER Division is one of the important Division of Department of Economic Affairs which deals with International Economic Relations. The major functions of IER Division are dealing with the matters related to :-

1. G-20,
2. G-7
3. G-24,
4. BRICS
5. SAARC,SDF,
6. ASEAN, Caribbean Union
7. World Economic Forum (WEF)
8. Work related to Foreign Trade, GATT,WTO, TPP etc.
9. OECD, SCO
10. Asia Europe Meeting (ASEM)
11. External Charges-

a) South Asia (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, Sri Lanka), South East Asia (Brunei, Burma, Cambodia, East Timor, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam), East Asia (Mongolia, Hong Kong, Taiwan), Central Asia (Turkey)

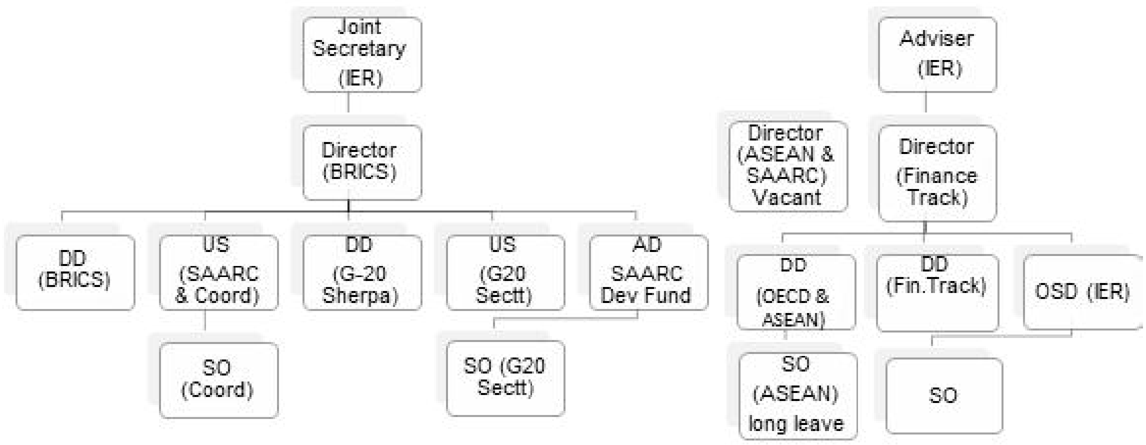
b) Matter relating to CIS countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan).

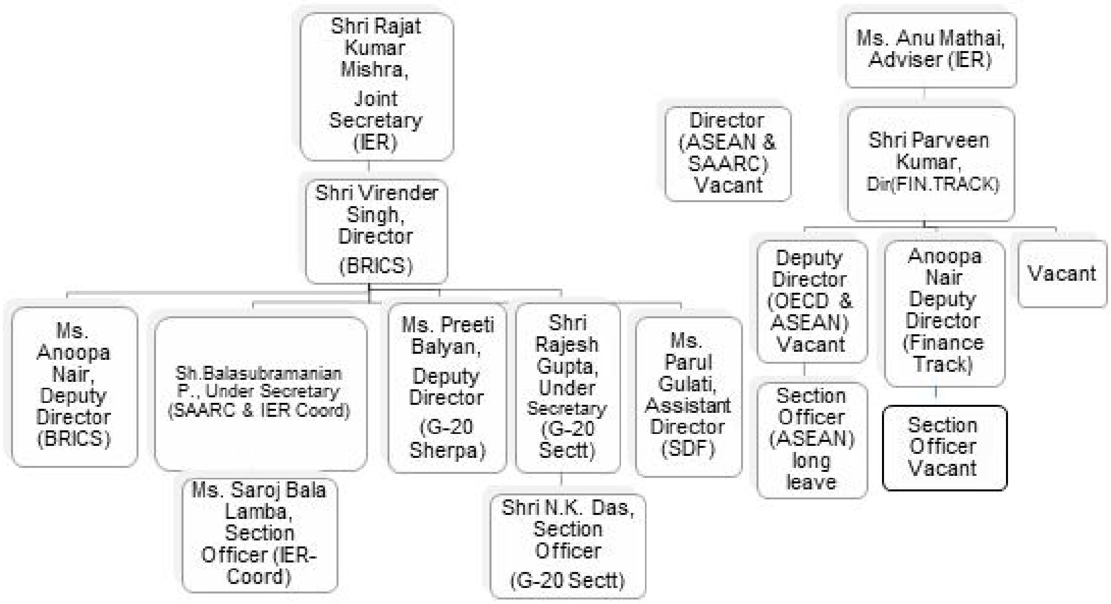
12. Sectoral Charge -

a) Ministry of Defence,

b) Ministry of Tribal Affairs

<u>Organization Structure of IER Division</u>





E- Governance:

As far as e-governance is concerned, IER division is processing all the files in electronic mode from December 2016. All the physical files have been converted into Electronic files in December 2018.

I. G-20

1. The G20 was formed in 1999, as a forum of Finance Ministers and Central Bank Governors, in recognition of the fact that there was a major shift in the global economic weight from the advanced economies to emerging market economies. However, G20 rose into prominence in 2008 when it was elevated from a forum of Finance Ministers and Central Bank Governors to that of G20 Heads of Nations in order to effectively respond to the global financial crisis of 2008 and insulate the world from major economic collapse.

2. The first G20 Summit was held in November 2008 in Washington DC under the shadow of the greatest financial crisis in the post-war era. This was followed by thirteen 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), Antalya (November, 2015), Hangzhou (September, 2016), Hamburg (2017) and Buenos Aires (2018) and Osaka (2019). The 15th G20 Summit will be held under Saudi Arabian Presidency in Riyadh, Saudi Arabia on 21st - 22nd November, 2020.

3. India will take over the G20 Presidency in 2022 which will coincide with 75th year of India's independence. The Presidency of G20 is usually held for a year with various meetings taking place (across a range of policy issues) culminating with a Leaders' Summit.

4. **The G20 issues are discussed through two parallel tracks, viz., Finance Track and Sherpa Track.** Under Finance Track, issues such as international financial architecture, infrastructure financing, sustainable and inclusive growth, international taxation and financial sector regulations are deliberated. The highest level of meeting under Finance Track is G20 Finance Ministers and Central Bank Governors (FMCBG) Meeting which is held twice or thrice in a year. G-20 member countries are represented by their Finance Ministers and Central Bank Governors. Preceding every FMCBG Meeting, Finance and Central Bank Deputies Meetings are held to prepare for FMCBG Meeting. Secretary (Economic Affairs) is India's Finance Deputy. Technical level discussions are held through meetings of Working Groups.

5. Finance Track issues are discussed broadly in four Working Groups which are as follows:

a. **Framework Working Group (FWG)** which discusses ongoing global macroeconomic issues, growth strategies and structural reforms. India is a co-chair of this Working Group.

b. **International Financial Architecture (IFA) Working Group** that deals with issues related to international financial architecture such as quota reforms of IMF and debt sustainability among others.

c. **Infrastructure Working Group (IWG)** which deliberates on quality infrastructure investments particularly innovation in mobilizing financial resources for infrastructure investment.

d. **Global Partnership for Financial Inclusion (GPFI)** that works for advancing financial inclusion globally.

Outcomes of Osaka Summit 2019

6. **Strong, sustainable, balanced and inclusive growth—**G20 Leaders reaffirmed their commitment to use all policy tools to achieve strong, sustainable, balanced and inclusive growth, and safeguard against downside risks, by stepping up their dialogue and actions to enhance confidence. Leaders also agreed that fiscal policy should be flexible and growth-friendly while rebuilding buffers where needed and ensuring debt as a share of GDP is on a sustainable path and that monetary policy will continue to support economic activity and ensure price stability, consistent with central banks' mandates.

7. **Quality Infrastructure Investment —** G20 Leaders stressed upon the importance of maximizing the positive impact of infrastructure to achieve sustainable growth and development while preserving the sustainability of public finances, raising economic efficiency in view of life-cycle cost, integrating environmental and social considerations, including women's economic empowerment, building resilience against natural disasters and other risks, and strengthening infrastructure governance. They agreed to continue advancing the elements to develop infrastructure as an asset class, including by exploring possible indicators on quality infrastructure investment. Leaders also endorsed the G20 Principles for Quality Infrastructure Investment which sets out a set of voluntary, non-binding principles that reflect the common strategic direction and aspiration for quality infrastructure investment for G20 members.

8. **Universal Health Coverage —**Recognizing the importance of sustainable financing for health, G20 Leaders called for greater collaboration between health and finance authorities in accordance with the *G20 Shared Understanding on the Importance of UHC Financing in Developing Countries.*

9. **Debt Transparency and Sustainability —** Leaders reiterated the importance of joint efforts undertaken by both borrowers and creditors, official and private, to improve debt transparency and secure debt sustainability and called on the IMF and WBG to continue their efforts to strengthen borrowers' capacity in the areas of debt recording, monitoring, and reporting, debt management, public financial management, and domestic resource mobilization, including under their multi-pronged approach.

10. **Technological Innovation —**Leaders agreed that technological innovations can deliver significant benefits to the financial system and the broader economy, but there is a need to remain vigilant to existing and emerging risks. In this regard, the Leaders welcomed the on-going work of the Financial Stability Board (FSB) and other standard setting bodies and asked them to advise on additional multilateral responses as needed.

11. **Open and resilient financial system—**Leaders agreed to continue to monitor and tackle emerging risks and vulnerabilities in financial system and to address unintended, negative effects of market fragmentation, including through regulatory and supervisory cooperation. Leaders also reaffirmed their commitment to apply amended FATF standards to virtual assets and related providers for anti?money laundering and countering the financing of terrorism.

12. **Fair, sustainable and modern taxation system—** Leaders agreed to continue their cooperation for a globally fair, sustainable, and modern international tax system, and welcomed international cooperation to advance pro-growth tax policies. They reaffirmed the importance of the worldwide implementation of the G20/ OECD Base Erosion and Profit Shifting (BEPS) package and enhanced tax certainty.

Contribution of India for the Summit

13. India made significant contributions to the discussions and deliberation of the priority issues under the Japanese Presidency. India successfully negotiated the key deliverable documents as well as the communiqué, particularly on Ageing, Universal Health Coverage, Infrastructure and International taxation, to make them in line with the logical reasoning/principles/ philosophy of developing countries.

14. As a co-chair of the Framework Working Group, India led the discussions on Global Imbalances, Risk and Ageing. On Global Imbalances, India strongly advocated the need to qualify the reference on narrowing of global imbalance so the narrative clearly reflects that it is true only for EMEs; as there has been significant narrowing of global imbalances in EMEs, while it has increasingly concentrated in the AEs in the aftermath of global financial crisis.

15. India contributed actively during the restructuring process of Global Partnership for Financial Inclusion (GPFI) and the proposed new structure of GPFI is in line with India's suggestion of merging all the four sub-groups of GPFI in order to make its work more focused.

16. On addressing the tax challenges of digitalization, India's proposal based on Significant Economic Presence, put forward through G24, was considered during the Presidency's work on the issue. India is continuously making all efforts in the G20 forum to ensure that the long term solution to be finalized in 2020 is one that addresses the concerns, in particular, of developing countries.

Priorities of the G-20 in 2020 under Saudi Arabian Presidency

17. The 2020, **G20 Saudi Arabian Presidency** focuses on Realizing Opportunities of the 21st Century for All. The three key aims of the 2020 G20 Presidency are:

i. **Empowering People,** by creating the conditions in which all people - especially women and youth - can live, work and thrive.

ii. **Safeguarding the Planet,** by fostering collective efforts to protect our global commons.

iii. **Shaping New Frontiers,** by adopting long-term and bold strategies to share benefits of innovation and technological advancement

18. Under G20 Saudi Arabian presidency, key Finance Track priorities are as follows:

i. Enhancing Access to Opportunities for All

ii. Advancing Digital Financial Inclusion for Women, Youth and SMEs

iii. Utilizing the Benefit of Technology for Infrastructure

iv. Framing Supervisory and Regulatory Issues for the Digital Era

v. Addressing the Tax Challenges Arising from the Digitalization of the Economy

G20 Sherpa Track

Outcomes of the Buenos Aires Summit:

The G20 Japanese Presidency deliberated on myriad issues facing the international community across various work streams. Some of the important outcomes as reflected in the Osaka Leaders Declaration are as under:

19. Under the employment agenda, Japanese Presidency focused on promoting healthy and active

ageing, fostering employment opportunities for ageing workforce as well as developing adequate policy response to new forms of work. Focus was also laid on the agenda of Women Empowerment wherein the Presidency aimed to take a stock of the progress achieved by G20 members on the Brisbane Goal of reducing the gap in labour force participation between men and women by 25 per cent by 2025. In this regard, they took note of the progress report Women at Work in G20 Countries prepared by the ILO and OECD. Furthermore, the Leaders also welcomed the launch of the private sector alliance for the 'Empowerment and Progression of Women's Economic Representation (EMPOWER)' to advocate for the advancement of women in the private sector. Leaders' Side Event on Women's Empowerment was also held under the Japanese Presidency which was attended by all G20 members including India.

20. On Digitalisation, Japan shared the notion of human centered future society under the aegis of Society 5.0. Recognizing responsible development and use of Artificial Intelligence (AI) as the driving force to achieve inclusiveness, Leaders' welcomed the non-binding G20 AI Principles, drawn from the OECD Recommendation on Artificial Intelligence (AI). On the Japanese proposal of Data Free Flow of Trust (DFFT), Leaders noted the ongoing discussion under the Joint Statement Initiative on electronic commerce in WTO, and reaffirmed the importance of the Work Programme on electronic commerce at the WTO. Leaders Side event on Digital Economy was also held during the Summit which resulted in the launch of the Osaka Track on the digital economy. This event was attended by all G20 members except India, South Africa and Indonesia.

21. Under Climate agenda, Leaders shared that they would look into a wide range of clean technologies and approaches, including smart cities, ecosystem and community based approaches, nature based solutions and traditional and indigenous knowledge. Furthermore, the Leaders also emphasized the importance of providing financial resources to assist developing countries with respect to both mitigation and adaptation in accordance with the Paris Agreement. On the issue of Energy and Environment, Leaders acknowledged the opportunities offered by development of innovative, clean and efficient technologies for energy transitions, including hydrogen as well as, depending on national circumstances, the Carbon Capture, Utilization and Storage (CCUS) taking note of work on "Carbon Recycling" and "Emissions to Value". Furthermore, they called on other members of the international community to share, the "Osaka Blue Ocean Vision" that aims to reduce additional pollution by marine plastic litter to zero by 2050 through a comprehensive life-cycle and endorsed the G20 Implementation Framework for Actions on Marine Plastic Litter.

22. On Trade and Investment, Leaders reaffirmed their support for the necessary reform of the World Trade Organization (WTO) and also agreed that action is necessary regarding the functioning of the dispute settlement system consistent with the rules as negotiated by WTO members.

23. Under Health agenda, Leaders called for greater collaboration between health and finance authorities in accordance with the G20 Shared Understanding on the Importance of Universal Health Care Financing in Developing Countries. Further to that, the Leaders reiterated their commitment to improving public health preparedness and response and also reaffirmed their commitment to eradicate polio as well as to end the epidemics of AIDS, tuberculosis and malaria and looked forward to the success of the sixth replenishment of the Global Fund to fight AIDS, Tuberculosis, and Malaria.

Contribution of India for the Summit

India successfully negotiated and pursued its interests on the priorities shared by the Japanese Presidency across all work-streams. Some of these areas are as under:

24. Japan accorded high priority to the issue of Data Free Flow with Trust (DFFT) which required great deal of consultations and negotiations due to potentially varied positions of the G20 members. India took a broad view on the matter without any concrete commitment. India was not a party to the Leaders' side event on Digital Economy which predominantly aimed to accelerate international policy discussions on worldwide data governance, on principled grounds.

25. India's persistent focus on the principle of common but differentiated responsibilities and respective capabilities and on the importance of providing financial assistance for adaptation and mitigation efforts as per the Paris Agreement was successfully negotiated. The language reflected in the Declaration is as follows: *"Signatories to the Paris Agreement who confirmed at Buenos Aires its irreversibility and are determined to implement it, reaffirm their commitment to its full implementation, reflecting common but differentiated responsibilities and respective capabilities, in the light of different national circumstances. By 2020 we aim to communicate, update or maintain our NDCs, taking into account that further global efforts are needed. We emphasize the importance of providing financial resources to assist developing countries with respect to both mitigation and adaptation in accordance with the Paris Agreement."*

26. On the issue of fugitive economic offenders, India shared the progress made on the commitment[1] agreed during Buenos Aires Summit. On India's insistence the language on *'recovery of stolen assets'* was reflected in the final declaration as -*"We look forward to the scoping paper on international cooperation dealing with serious economic offenders and recovery of stolen assets in relation to corruption to be prepared by relevant international organizations.*

27. Regarding the Brisbane commitment to reduce the gap in labour force participation between men and women by 25 per cent by 2025, India shared that each country has its own policy on employment and monitoring is the domain of individual country. India further clarified that each country will monitor respective progress and will '*apprise*' the G20 of the status in this regard. The final language of the Declaration reads as “Building on the continued efforts by Labour and Employment Ministers, we will exchange our respective progress and actions taken in the G20 towards the Brisbane Goal, including the quality of women’s employment, on the basis of the annual report”.

28. During G20 Osaka Summit, Hon'ble PM announced India's decision to host G20 Presidency in 2022. Accordingly, this decision was also reflected in the Final Leaders' Declaration which reads as: *"We thank Japan for its Presidency and for hosting a successful Osaka Summit and its contribution to the G20 process, and we look forward to meeting again in Saudi Arabia in 2020, in Italy in 2021 and in India in 2022."*

Saudi Arabian Presidency (2020)

29. Under the system of rotating Presidencies among the G20 members, Saudi Arabia has assumed the G20 Presidency from December 2019. The priorities outlined under each work stream of the Sherpa track under the Saudi Arabian Presidency are as under:

Employment Working Group (EWG): Better preparing youth for the transitions to work, Adapting social protection for the changing patterns of work, Exploring the application of behavioural insights policy for a transitioning labor market, Women employment, Progress on gender equality in a changing world of work, Enhancing access to opportunities, Advancing digital financial inclusion

Health Working Group (HWG): Value-Based Health Care (VBHC), Digital health, Patient safety, Managing public health emergencies(with a focus on influenza), combating the growing antimicrobial resistance (AMR) threat

Trade and Investment Working Group(TIWG): Current international trade developments, including WTO reform, Boosting MSMEs' international competitiveness, Pathways to economic diversification, strengthening international investment

Digital Economy Task Force (DETF): Trustworthy Artificial Intelligence, Data flows, Smart cities, measuring the digital economy, Cyber resilience in global economic systems

Climate Sustainability Working Group(CSWG): Managing emissions for sustainable development, Adaptation - local contributions to global solutions, Sustainable mobility, Combating land degradation and habitat loss, Improving coral reef resilience and conservation.

Energy Transitions Working Group (ETWG): Cleaner Energy systems for a new era, Universal access to affordable energy, secure energy markets, Institutional frameworks for energy market stability

Development Working Group (DWG): Efficient Financing for sustainable development, Infrastructure for regional connectivity, Update on G20 action plan on the 2030 agenda for sustainable development, Accountability

Anti-Corruption Working Group (ACWG): Using Information and Communications Technologies (ICT) to promote integrity, Promoting Integrity in Privatization and Public-Private Partnerships (PPPs), Pursuing the development and implementation of national anti-corruption policies or strategies

Agriculture Deputies Meeting: Responsible agricultural investment, Food loss and waste, fostering sustainable and resilient water management globally

Education Working Group (EdWG): Early Childhood Education (ECE) as a foundation for developing global competence and 21st century skills, Internationalization in education

Tourism: Tourism as means of sustainable socioeconomic development.

II BRICS

30. DEA co-ordiantes the work in India on **BRICS Economic and Financial Co-operation.** The Presidency of BRICS was taken over by Brazil from South Africa on 1 January 2019. In 2019, under the Brazilian Chairmanship, three meetings of the BRICS Finance and Central Bank Deputies and two meetings of the BRICS Finance and Central Bank Governors were held.

31. Under BRICS Economic and Financial Co-operation, the following were the agenda items discussed under the 2019 Brazilian Chairmanship[2] :

[1]***Buenos Aires Leaders’ Declaration****: We will further explore the links between corruption and other economic crimes and ways to tackle them, including through cooperation on the return of persons sought for such offences and stolen assets, consistent with international obligations and domestic legal systems. We ask relevant international organizations to report back to us on those issues during the next presidency.*

[2]*The work under BRICS Economic & Financial Co-operation has areas identified for Ministry of Finance as well as Central Bank. The work is carried out by BRICS Finance and Central Bank Deputies who then report to BRICS Finance Ministers and Central Bank Governors who then eventually report to BRICS Leaders. In India, the BRICS Finance Deputy is Secretary, Economic Affairs and BRICS Central Bank Deputy is Deputy Governor, RBI.*

Issues under Ministry of Finance

a. New Development Bank issues, namely, membership expansion and effective utilization of NDB Project Preparation Facility

b. IMF Resources

c. Authorised Economic Operators (AEO)

Issues under Central Bank

a. Test runs of BRICS Contingent Reserve Arrangement

b. System to Pay Internationally (SPIN)

c. BRICS Bond Fund

32. The two new agenda items that the Brazilian Chair introduced for discussion in 2019 were System to Pay Internationally (SPIN) and Authorised Economic Operators. The **SPIN** is an innovative payments and settlement method that would eliminate intermediaries, provide transparency for transactions, reduce costs and speed up settlements. A technical working group has been set up, made up of experts in payments systems and/or risk management, as well as in international affairs, to analyze the establishment of the SPIN and to deepen the understanding of the initiative and its related risks. A report from the technical group is under preparation. India is represented by RBI in the expert group. Under, **Authorized Economic Operator (AEO),** the Brazilian Presidency proposed AEO implementation among member countries. AEOs can be an important initial step to establish uniform requirements and benefits to Mutual Recognition Agreements. Currently, BRICS Customs Cooperation Committee is working on the definition of common and clear objectives for the BRICS MMRA and the development of a Joint Work Plan, with procedures and a timeline for implementation. The Brazilian Presidency has suggested that these elements should constitute a letter of intention to be signed by the BRICS countries.

Outcome of the BRICS Summit, 2019

33. The 11th BRICS Summit was held on 11-12 November 2019 in Brasilia, Brazil. Key outcomes of the Summit in the area of BRICS Economic and Financial Cooperation are the following:

a. **Strong, sustainable, balanced and inclusive growth:** Leaders advocated for continued use of fiscal, monetary and structural policies to achieve strong, sustainable, balanced and inclusive growth. They called on major advanced and emerging market economies to continue policy dialogue and coordination in the context of the G20 and other fora to advance these objectives and to address potential risks.

b. **Strong, quota-based and adequately resourced IMF:** Leaders called upon the IMF to start work on quota and governance reform on the basis of the principles agreed in 2010 under the 16th GRQ in right earnest and within a tight timeframe.

c. **NDB Regional Offices:** Leaders welcomed the establishment of the Americas Regional Office in Sao Paulo, along with its sub-office in Brasilia, and looked forward to the opening of the two remaining NDB Regional Offices in Russia and India in 2020.

d. **NDB membership expansion:** Leaders acknowledged the progress made by the New Development Bank towards expanding its membership which is in accordance with its Articles of Agreement of the Bank and looked forward to the Board of Governors concluding the preparatory work with the aim of taking timely and considered decisions on the expansion of the membership in due course. Additionally, the BRICS members have agreed to initiate consultations with prospective new members of NDB followed by NDB management action.

e. **Infrastructure initiatives:** Leaders emphasized upon the importance to key cooperation initiatives, encompassing the BRICS Task Force on PPP and Infrastructure, which facilitates dialogue on infrastructure, including the G20 infrastructure agenda, the NDB's Project Preparation Facility, the effectiveness of which will be enhanced by launching its first set of projects at the earliest, along with a view to enhancing the representation of developing countries and emerging economies in the Multilateral Development Banks.

34. The Chairmanship of BRICS will be taken over by Russia from Brazil from January 1st, 2020.

III G-24

35. G-24 was established in 1971 by the Group of 77 (G-77). The Intergovernmental Group of Twenty Four

on International Monetary Affairs and Development (G24) coordinates the position of developing countries on monetary and development issues in the deliberations and decisions of the Bretton Woods Institutions (BWI). In particular, the G-24 focuses on issues on the agendas of the International Monetary and Financial Committee (IMFC) and the Development Committee (DC) as well as in other relevant International fora. Though originally named after the number of founding Member States, it now has 28 Members[3] (plus China, which acts as a Special Invitee since 1981).

36. The governing body of the G-24 meets twice a year, preceding the Spring and Fall meetings of the International Monetary and Financial Committee and the Joint Development Committee of the World Bank and the International Monetary Fund (IMF). The plenary G-24 meetings are addressed by the heads of the IMF and the World Bank Group as well as by senior officials of the United Nation (UN) System. Issues are first discussed by the Deputies and culminate at the Ministerial level by the approval of a document that sets out the consensus view of member countries. The Ministerial document is released as a public Communiqué at a press conference held at the end of the meetings. Decision making within the G-24 is by consensus.

37. The last G-24 Ministerial meeting was held on October 17, 2019 in Washington D.C. The issues discussed during the Ministerial included navigating the challenges to global growth and stability; and mobilizing financing for growth and development. A call was made to the World Bank and other MDBs to support country-led and country-owned strategies for job creation and economic transformation for growth and development in developing countries.

IV OECD

38. The Organization for Economic Cooperation and Development (OECD), founded in 1961, is a global think tank that works on a host of economic and development issues. Today, there are 36 OECD members[4] spanning from South America to Europe and Asia Pacific including several advanced economies and three emerging market economies (Mexico, Chile, Turkey). All OECD members are signatories to 1960 Convention on the OECD[5] and are committed to democracy and market economy.

39. India engages with some of the key OECD bodies through participation in the meetings of committees, their related bodies and global fora. Additionally, India and OECD engage in bilateral activities, periodic reviews and sector- specific publications. One such prominent and regular publication is OECD Economic Survey of India. OECD Economic Surveys are periodic reviews of members and some selected non-members of OECD, typically done on a two-year cycle.

40. OECD released their 2019 Economic Survey of India on 5th December 2019. The Survey was launched by the Chief Economist of OECD Ms. Laurence Boone in New Delhi.

V SAARC & SDF:

Framework on Currency Swap Arrangement for SAARC Member Countries:

41. "Framework on Currency Swap Arrangement for SAARC Countries" was approved by the Government of India on March 1st, 2012. The Framework was formulated with the intention to provide a line of funding for short term foreign exchange requirements or to meet balance of payments crises till longer term arrangements are made. Under the facility, RBI offers swaps of varying sizes to each SAARC member country (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka) depending on their two months import requirement and not exceeding US$ 2 billion in total, in US$, Euro or INR subject to a floor of USD 100 Million and a maximum of USD 400 million. Apart from the country specific limits, there is also a provision of 'Standby Swap' of USD 400 Million within the approved Framework to be operated from the unutilized balance available, within the overall size of the Facility of USD 2 billion. The 'Standby Swap' facility was incorporated with the approval of the Union Cabinet in January, 2019 to address the additional Swap request of SAARC Member States that exceeds their country specific limit.

42. Earlier, the validity of the framework was extended in 2015 by the Union Cabinet and in 2017 by Hon'ble Finance Minister and the validity of the Framework was scheduled to expire after 13th November, 2019. The 'Framework on Currency Swap Arrangement for SAARC Countries' along with some modifications has been further extended by Hon'ble Finance Minister for a period of three years i.e. till 13th November, 2022.Till date Bhutan, Sri Lanka and Maldives have availed this facility.

[3] *G-24 member countries are: Algeria, Argentina, Brazil, Colombia, Congo (Democratic Republic of), Cote D'Ivoire, Ecuador, Egypt, Ethiopia, Gabon, Ghana, Guatemala, Haiti, India, Iran, Kenya, Lebanon, Mexico, Morocco, Nigeria, Pakistan, Peru, Philippines, South Africa, Sri Lanka, Syria, Trinidad and Tobago and Venezuela.*

[4] *The membership of OECD is constituted by **25 European countries** (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom), **2 from North America** (United States and Canada), **1 from Central America** (Mexico), **1 from South America** (Chile), **1 from West Asia** (Israel), **2 from East Asia** (Japan and South Korea), **2 from Asia Pacific** (New Zealand and Australia)*

10. Aid Accounts & Audit (AAA) Division:

10.1 AAAD under Department of Economic Affairs implements the financial covenants of external Loans/ Grants received by Government of India from various Multilateral and Bilateral donors. Main functions handled by this Division are processing the claims received from Project Implementing Authorities of externally aided projects, to draw down the funds from various external funding agencies and timely debt servicing liability of Government of India in respect of availed external loans. Besides, this Division is also responsible for maintaining loan records, external debt statistics, publication of external assistance brochure on annual basis, and framing of estimates of external aid receipts and debt servicing. In addition, audit of import licenses issued by DGFT offices for Export Promotion is also conducted by this Division.

10.2 Performance/Achievements During Financial year 2019-20 (as on 10th Jan 2020)

10.2.1 Total of 1349 live loan/accounts are being handled by AAAD. Out of these, 433 loan/Grants accounts are in disbursement mode. Rest of the loans are live from debt servicing point of view.

10.2.2 External receipts on Government Account during financial year 2019-20 (upto 10th Jan. 2020) is ₹47,421/ - crore. In addition to loan receipts, a sum of ₹3.00 Crore has been received as Cash Grant.

A comparative position of receipts and repayment/payment in the current year as compared to previous financial year and upto 10th Jan 2019 is as under.

In ₹ crore

Sl. No	Description	2018-19	2018-19 (as on 10th Jan 2019)	2019-20 (as on 10th Jan 2020)
1	Receipts (Loans and Grants)	47,667	33,932	47,424
2	Payments (Principal and Interest)	38,888	29,047	32,549
3.	**Net Transfer (1-2)**	**8,779**	**4,885**	**14,875**

10.3 E-Governance

10.3.1 The Activities of AAAD have been fully computerized since April 1999. A software known as "Integrated Computerised System" (ICS) is working. This covers all the activities in the loan cycle i.e. preparation of Estimates for External Assistance for receipt as well as repayment, preparation of Annual External Assistance Brochure, processing of claims, repayment of debt and maintenance of Debt Records. All the Officers/Staff members of this Division are well versed with the functioning of this system.

10.3.2 IT-application is being promoted by way of accepting and processing/forwarding of the draw down claims from various PIAs. PIAs have been provided software support for processing the e-claims. Such software is being utilized by the PIAs to maximum extent. E-claims in the form of SOE/Interim unaudited Financial Report (IUFR) ensure faster disbursals. In case of World Bank, claims are processed in E-disbursement mode through the World Bank's software client connection from this Division to World Bank.

10.3.3 The customized software of this division (ICS) is being upgraded with a Technical Assistance (TA) from. Asian Development Bank (ADB).

10.4 Trainings & Facilitation

10.4.1 In order to familiarise the officers/staff of the PIAs, training on E-submissions are organized by this Division from time to time. In 2019-20 till now 51 officers/staff members of different PIAs have been imparted trainings. As a result of initiatives taken by this Division more claims are being received in e-claim forms.

10.4.2 In order to increase the capacity of the officers and staff of this division frequently officers are being nominated to ISTM and other training centres for training. The areas covered under the trainings comprises of ethics in Governance and Administration, O&M, Cash and Budget and financial management. This office has developed; over a period of time; an excellent centre of cross learning as a result of continuous interactions of the officers and staff at international, national and state level conference/ workshops.

10.4.3 This office facilitates other ministries, state officials; CPSUs in understanding the fund flow mechanism in case of externally aided projects. The data maintained by this division is shared with other ministries to be used in different reports and analysis.

10.5 Standards & Improvements in service deliveries

10.5.1 All the activities of this division have been organised 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. Stakeholders of this division are well defined consisting of three broad groups i.e. PIAs, external funding agencies and others. Service to be rendered to these groups is also well defined i.e. smooth and quick disbursal of the Loans/Grants, timely debt servicing and to provide management information as and when required.

10.5.2 To ensure continuous improvement in the performance standards, quarterly Management Review Meeting (MRMs) are being held. In MRMs performance is critically reviewed and methods/suggestions for maintenance/improvement of the service delivery standards are discussed by the management.

10.5.3 This division is ISO 9001:2015 certified division. This certification provides additional assurance to all the stakeholders with respect to the stated standards of this division. The terms and conditions of the certification are ensured through annual surveillance audit.

10.6 Audit under Export Promotion

10.6.1 AAAD carries out audit of Import Licenses issued by licensing offices of the Director General of Foreign Trade located at 23 stations for promotion of Export. During the financial year 2019-20 a sum of ₹2050 lakh has been recovered till January, 2020 as compared to ₹2159 lakh as a follow up action on the audit observations made by this division.

11. Administration Division

11.1 Functions

11.1.1 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.

11.2 Staff Strength

11.2.1 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. The information regarding Pending ATN on PAC in respect of Admn.III is NIL.

11.3 Complaints Committee on Sexual Harassment of Women Employees

11.3.1 In compliance with the Supreme Court's Judgment dated 13 August, 1997 in the Visakha Case relating to prevention 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.

11.4 Training of Staff Members

11.4.1 Department of Economic Affairs deputes its officials for training to ISTM and other institutes to increase their efficiency and improvement in the quality of their work. During the period 1.1.2019 to 31.12.2019 a total of 70 officials/officers of this Department were deputed to Institute of Secretariat Training and Management (ISTM), New Delhi and other Institutes for undergoing various trainings programmes.

11.5 Redressal Of Public Grievances:

11.5.1 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 2019, a total of 1933 fresh public grievance cases were received in the Department besides 73 brought forward from the previous year. Out of these 2006 cases, 1796 cases were disposed off during the year.

11.5.2 Additional Secretary (Admin) 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).

11.6 Right To Information Act, 2005

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

(i) An RTI Section is in operation on DEA to collect, transfer the applications under the RTI Act, 2005 to the Central Public Information Officers/ Appellate Authorities/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.dea.gov.in) as required under section 4(1) (b) of the RTI Act.

(iii) All Under Secretaries/Deputy Directors/ Assistant Directors, Sr. Accounts Officers and Economic Officers level officers have been designated as Central Public Information Officers (CPIOs) under section 5 (1) of the Act, 2005 in respect of subject being handled by them.

(iv) All Deputy Secretaries/ Directors/ Addl. Economic Advisers have been designated as First Appellate Authorities in terms of Section 19 (1) of the Act, 2005, to deal with the Appeals preferred by any person who, does not receive a decision within the time specified in the RTI Act or is aggrieved by a decision of the Central Public Information Officer (CPIO), as the case may be,

(v) The list of CPIOs and First Appellate Authorities is updated and uploaded from time to time in the website of DEA for the information of Public. To facilitate the public, the RTI Cell is now functioning at Gate No.8 outside the North Block to receive the RTI applications.The applications received are further forwarded to the CPIOs/ Public Authorities concerned.

(vi) The RTI application can be filed through online www.rtionline.gov.in The RTI applicants can see their application status including reply of their question through the website. Further, transfer of application can also be done online. These all process have resulted significant reduction in processing RTI application.

(vii) During the year 2019 from January 1, 2019 to December 31, 2019, 3773 RTI applications (including 2936 online applications) and 575 appeals, were received in the Department. An amount of ₹4260/- (Rupees Four Thousand Two Hundred and Sixty only) was received as RTI fees and Documents fee under the RTI Act.

11.7 Use of Hindi in Official work

11.7.1 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.

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

i. Annual Programme for the year 2019-20 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 In order to remove the hesitation amongst officials to do their official work on e-office in Hindi and to acquaint them with the rules and other instructions regarding the Official Language policy of the Government, 01 Hindi workshop was organized on 06.09.2019;

iii. Hon'ble Finance Minister in his "Message" on the auspicious occasion of Hindi day on 14th September, 2019 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;

iv. To create a conducive atmosphere in the Department regarding the progressive use of Hindi, Hindi Month was celebrated during 1st September, 2019 to 30th September 2019.

v. A Scheme of incentives on Original Book writing in Hindi on Economic subjects has been introduced in this Department. The authors under this Scheme are awarded the first, second and third prizes of ₹50,000/-, ₹40,000/- and ₹30,000/- respectively. The new Scheme is under process;

vi 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 To see the extent upto which the Official Languages Act, the rules made thereunder, the Annual Programme and the orders and instructions etc. relating to Official Language are being complied with inspection of some of the subordinate offices of the Department as Bank Note Press Dewas, Securities Paper Mill Hoshangabaad, Unit of SEBI Bengaluru, Government of India Mill Noida, Currency Note Press and India Security Press Nasik was done on dated10 and 11 may, 2019, 6 and7 June, 2019, 11 November, 2019, 13 November, 2019 and10 January, 2019 respectively;

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 was taken on the decisions taken in the meetings; and

ix. 41st meeting of Central Official Language Implementation Committee was held on 11 October, 2019. The meeting was headed by Secretary, Department of Official Languages which was attended by Joint Secretary (admin) and Asst. Director (OL).

11.7.3 Material for Hindi Budget Translation

11.7.3.1 All Budget documents are presented to Parliament in Hindi and English. Besides Budget documents, Hindi Translation Branch has also prepared Hindi versions of Supplementary Demands, Economic Classification Report, Reports on Public Statistics and Status Report of External Debt, FRBM quarterly Reports which were laid before the Parliament .

11.7.3.2 The translation of the official 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, Action Taken reports, monthly summary for the Cabinet, Official letters and External funding Report.

11.8 Finance Library & Publication Section

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

11.8.2 A Publication Cell vide O.M. No.F.1 (1) - Ly/59 dated the 2nd April, 1959 was created and later integrated with the Library forming the Finance Library and Publication Section.

11.8.3 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.

11.8.4 Collection

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

11.8.5 Services

11.8.5.1 Finance 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 and also extended the services of e-governance. 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.

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

11.8.6 Publications

11.8.6.1 Finance Library brings out two (print + online) publications i.e. “Weekly Bulletin” and “Current contents.

11.8.7 Digital Records:

11.8.7.1 Indian Official Documents relating to Economic and Finance Subject (Center and State since independence) and Ministry of Finance Gazette Notifications published in the Pt. 2 Sec. 3 Sub-section (i) (ordinary) for the year 1955 to 1990 has been digitized. So far around 02 TB Data has been digitized and available in digital format.

11.8.8 Computerisation

11.8.8.1 The Library is fully automated. 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.

11.8.8.2 As far as accessibility of the online data is concerned, e-governance has been extended to the Ministry of Finance. A link from intranet site “finance.nic.in” is made available to access the library information.

11.8.9 Other Works:

i. Modernization and infrastructure improvement was undertaken by the Library and 95% work has been completed.

ii. The work of reimbursement of newspapers and magazines of DEA is also undertaken by the Finance Library.

iii. This Library also serves specifically 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.

12. Bilateral Cooperation Division

12.1 Bilateral Official Development Assistance Policy:

12.1.1 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.

12.1.2 A revised set of guidelines on Official Development Assistance for Development Cooperation with bilateral partners were issued in December, 2015. After issuance of revised guidelines, the Republic of South Korea has been recognized as bilateral partner country for accepting Official Development Assistance from them.

12.2 Bilateral Development Cooperation with Japan

12.2.1 Japan-Official Development Assistance:

12.2.1.1 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.

12.2.1.2 Government of Japan has committed JPY 91.273 billion (₹5800 crore approx.) for 3 projects to India from January to December 2019. As on 31st December, 2019, 70 loan projects are under implementation with Japanese loan assistance. The loan amount committed for these projects is JPY 2551.80 billion (₹1,50,500 crore approx.). The cumulative commitment of ODA loan to India has reached JPY 5906.451 billion on commitment basis till 31st December 2019.

12.2.1.3 The ODA loan disbursement to India from January 1, 2019 to November 30, 2019 was JPY 261.80 billion (₹16,764.36 crore), which is higher than the previous year for the same period.

12.3 Grant Aid

12.3.1 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 Housing and Urban Affairs etc.)
   (b) Power Sector, including small-scale hydro power projects and solar power projects (potential line ministries could include Ministry of Power, Ministry of New and Renewable Energy, etc.).

12.3.2 There are two (2) ongoing Grant-in-Aid projects viz. a) The Project for Implementation of Advanced Information and Management System in Core Bengaluru and b) Construction of the International Cooperation and Convention Centre in Varanasi.

12.4 Technical Cooperation Programme

12.4.1 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.

12.4.2 The main components of Technical Cooperation are (i) Technical Cooperation Projects, (ii) Technical Cooperation by Experts, (iii) Technical Cooperation by Training, (iv) Technical Cooperation by Development Planning.

12.4.3 There are 16 ongoing projects under Technical Cooperation Programme.

12.5 Japan Overseas Cooperation Volunteer Programme:

12.5.1 JICA's volunteer programs, such as Japan Overseas Cooperation Volunteer (JOCV) and Senior Volunteer (SV), support a wide range of local activities by Japanese citizens who intend to cooperate in the economic and social development as well as in the reconstruction of emerging countries. Through these cooperation activities, participating volunteers can, not only contribute to the development of partner countries but also gain valuable experience in terms of international goodwill, mutual understanding and an expansion in their international perspectives.

12.5.2 During January 2019 to December 2019, 6 proposals were posed to Embassy of Japan and No-objection to 11 Volunteers was issued.

12.6 JICA Partnership Programme:

12.6.1 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:-

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

12.7 Grassroots Funding

12.7.1 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.

12.7.2 During January 2019 to December 2019, 2 proposals were cleared.

12.8 Green Aid Plan

12.8.1 The Government of Japan (Ministry of Economy, 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.

12.8.2 There are two on-going Demonstration projects with NEDO and a new project is under consideration.

12.9 Strategic Dialogue on Economic Issues with Japan

12.9.1 The India- Japan Strategic Dialogue on Economic Issues was launched in 2007. The first meeting was held in New Delhi on 18th July 2007. This dialogue is held under co-chairmanship of Secretary (Economic Affairs) leading the Indian side and Deputy Minister of Foreign Affairs leading the Japanese side. So far 9 dialogues have been held. The last dialogue was held in India on 21.12.2018.

12.10 Bilateral Development Cooperation between India and Germany

12.10.1 Germany through their Ministry for Economic Cooperation & Development (BMZ) has been providing both financial and technical assistance to India since 1958. In 2008, the German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB) also initiated assistance under German Government's 'International Climate Protection Initiative (IKI)', which is an additional instrument of the German Government over and above and without undermining the existing sources of Official Development Assistance. Priority areas of Cooperation includes: Energy, Sustainable Urban Development as well as Environment and Management of Natural Resources.

Some of the major areas of cooperation are the following:-

(a) Indo-German Solar Partnership for transformation of energy generation through stronger utilization of solar energy.

(b) Indo-German Energy Forum: Green Energy Corridors for financing transmission infrastructure for integrating additional renewable energy capacities into the grid and ensuring grid stability.

(c) Sustainability Development to address the challenges and transform cities into sustainable living environment. The Smart City Mission envisages providing green, modern infrastructure services to Indian cities and their population.

12.10.2 Under bilateral development cooperation programme, apart from high-level visits, two annual meetings at the level of Joint Secretary (Bilateral Cooperation) i.e. Indo-German Annual Consultations and Indo-German Annual Negotiations are held, generally during 2nd quarter and 4th quarter of the year respectively. In the Annual Consultations, apart from the policy issues, the discussion on ongoing projects and new projects are held. In Annual Negotiations, the Government of Germany makes commitments for the new projects as well as for the additional funding for ongoing projects. The last Indo-German Annual Consultation Meeting was held on 13th June, 2019. The last Indo-German Annual Negotiation Meeting was held on 27th December, 2019 in New Delhi.

12.10.3 Indo-German Finance Ministry Senior Officer's Meeting 2019 was held on 24th October, 2019 to discuss the current economic condition of both countries.

12.10.4 Germany implements its financial assistance programmes through KfW, the German Government's Development Bank. The technical assistance programmes are mainly implemented through GIZ (earlier GTZ) - a fully-owned corporation of German Government. Financial Assistance is provided as Reduced Interest Loan (EURIBOR-based loan) as well as Financing grants. The technical assistance is provided in the form of grant and services by project experts.

12.10.5 Under Indo-German Bilateral Development Cooperation, Govt. of Germany has committed Euro 19.36 billion for both Financial Cooperation and Technical Cooperation since 1958. During 2019, German has made commitment of Euro 1.61 billion. Agreements for 8 projects worth Euro 1.26 billion have been signed in 2019. As on 31st December, 2019, 37 loan projects for Euro 4.64 billion are under implementation with German assistance. Also, 30 technical assistance grant projects for Euro 134.61 million are under implementation under Indo-German Bilateral Development Cooperation.

12.11 Bilateral Development Cooperation with AFD, France

12.11.1 The Government of France has been extending development assistance to India since 1968. However, the major drawback of French assistance was that it was tied to supply of goods and services from France. Moreover, French development assistance was not significant in amount. In fact, the average annual disbursement since 2001-02 had been very low at Rs. 28 crores only.

12.11.2 In 2006, Government of France proposed to provide untied development assistance to India through the French Agency for Development (AFD). In this regard, an inter-governmental Agreement was signed between the two Governments on 25.01.2008 during the State visit of French President Mr. Nicholas Sarkozy to India. In pursuance of the inter-governmental Agreement, a Memorandum of Understanding (MoU) between the Department of Economic Affairs and AFD was signed on 29.09.2008. The MoU had been amended with revised terms & conditions in the year 2012.

12.11.3 The priority areas for AFD financing in India are: Energy efficiency and renewable energy, Urban infrastructure (public transport, water, etc.) and preservation of biodiversity

12.11.4 Under the development cooperation programme two annual level meetings at the level of Joint Secretary / Additional Secretary (Bilateral Cooperation) i.e. DEA-AFD Annual Consultation Meeting and DEA-AFD Annual Negotiation, are held during the second quarter and fourth quarter of the calendar year respectively. In the Annual Consultation meeting, apart from the policy issues, the discussion on the ongoing projects and new projects and review of the ongoing projects are held. In Annual Negotiation Meeting, AFD makes commitment of funds for the new projects.

12.11.5 Till date, AFD has committed Euro 1.65 billion under Indo-French Development Cooperation. Under the Development Cooperation, agreements for Euro 1.59 billion have been signed till date so far. In 2019, loan agreement for 3 projects for Euro 322 million have been signed.

12.11.6 Apart from the Development Cooperation, French Government also provides technical assistance in the form of FASEP facility Scheme. FASEP facility is managed by the Treasury and Economic Policy General Directorate of the French Ministry of Economy, Finance and Industry. Under this facility, grants are provided to finance technical cooperation in the area of infrastructure projects (water, sanitation, solid waste, environment, transport, energy).

12.12 Bilateral Economic and Financial Dialogue between India and France

12.12.1 The Indo-French Bilateral Dialogue on Economic and Financial Issues was established between the finance ministries as it was enshrined in the Joint Statement issued during the visit of the Hon'ble French President to India on 14-15th February 2013. The first meeting of EFD was held at the level of Additional Secretary in France on 29th October, 2013 at Paris. The EFD is held on alternate basis, both in India and France. The 2nd meeting for EFD was held at New Delhi on 27th March 2015. Issues discussed in the meeting were Macro-economic situation in India, France and Europe; Global Economic and Financial Governance and other issues including measures to enhance bilateral trade and investment & financing of long term investments in infrastructure and Indian banking operation in France. The level of the meeting has been raised to Finance Minister Level at the request of the French government.

12.13 Bilateral Development Cooperation with Republic of Korea:

12.13.1 In the Joint Statement for Special Partnership signed during the Prime Minister's visit to Republic of Korea (RoK) during May 18-19, 2015, it was agreed to upgrade the bilateral relationship between the two countries to a 'Special Strategic Partnership' and to expand it into a wide range of areas. Accordingly, RoK was accepted as bilateral partner for development cooperation during October, 2016. In the 5th India-Korea Finance Ministers' Meeting held in Seoul during June 14-16, 2017, an Economic Development Cooperation Fund (EDCF) Agreement was signed between the two Governments for US$ 1 billion Official Development

Assistance (ODA) to India. Two projects viz. (i) Mumbai-Nagpur Super Communication Expressway ITS Project; and (ii) Re-development of Bandra (E) Government Colony Project are under consideration for external funding through EDCF.

12.14 India-Korea Working Group Meeting

12.14.1 India-Korea Working Group Meeting (WGM) serves as a platform for discussing all the issues pertaining to the financial package offered by Republic of Korea and progress of candidate projects etc. The 5th India-Korea WGM Meeting was held on 08.01.2019 in New Delhi and the 6th India-Korea WGM was held on 21.11.2019 in Seoul under the co-chairmanship of Additional Secretary, DEA from Indian side and Director, Ministry of Economy and Finance from Korean side.

12.15 Development Cooperation with European Union (EU)

12.15.1 The European Union (EU) provides development assistance (financial/technical) to India in the form of Grants. The priority areas include environment, public health and education.

12.15.2 Since 2014, the financial component of grant from EU has been discontinued, however technical cooperation and exchange of best practices still remains active in three lines (i) in areas of mutual interest (ii) in areas relevant to the Sustainable Development Goals with civil society organizations and (iii) at a regional level to address global challenges. At present, there are two technical assistance projects namely (i) Support to Renewable Energy, Clean Technologies and Energy Efficiency in India and (ii) Capacity-building Initiative for Trade Development in India which are running in last phase and will end by 2022 and 2020 respectively.

12.16 India-EU Macro-economic Dialogue

12.16.1 Under the Joint Action Plan for India-EU Strategic Partnership adopted during the India-EU Summit in New Delhi in 2005, it was agreed to 'Establish a regular Macro Economic Dialogue' on matters of common interest, to exchange information and experience on economic developments in respective economies as well as policy context and global challenges. Accordingly, India-EU Macro Economic Dialogue has been held annually since 2007 with venues alternating between New Delhi and Brussels. The first dialogue was held in New Delhi. So far 10 Macro-Economic Dialogues have been held. The last dialogue was held on 21st March 2019 in Brussels and was co-chaired by Finance Secretary & Secretary (EA) from Indian side and Director General, Directorate General for Economic and Financial Affairs, from the EU side.

12.17 International Platform on Sustainable Finance

12.17.1 In September 2019, India joined International Platform on Sustainable Finance (IPSF) as a founding member along with seven (7) other member countries including European Union. IPSF is an initiative taken by the European Commission in the year 2019 and was formally launched on 18th October 2019 at the International Monetary Fund Headquarters, Washington DC. IPSF would acts as place of exchange for best practices on Sustainable Finance initiatives. This will enable India to participate in the process of global deliberations on the evolution of Sustainable Finance as major line of financing for the future in India, in the crucial climate change management sector. IPSF will also be relevant for India's journey towards $ 5 trillion economy by 2024-25.

12.18 European Investment Bank (EIB)

12.18.1 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 resource but also, under mandate, from Union or Member States' budgetary resources. Under these arrangements, the EIB's funds are utilized to finance investments in countries signatory to Cooperation Agreement with the EU.

12.18.2 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. 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 Charge d' Affairs 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. DEA signed two loan agreements with EIB in 2019. These include Finance Contract of Euro 200 million signed on 18 July 2019 for Pune Metro Rail Project and Finance Contract of Euro 250 million signed on 20th December, 2019 for Bhopal Metro Rail Project.

12.19 Bilateral Development Cooperation with United Kingdom

12.19.1 The United Kingdom (UK) has been providing development assistance to India since 1958. 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. The Development assistance is received mainly for achieving the Sustainable Development Goals (SDGs). Presently, Odisha, Madhya Pradesh and Bihar are the three focus states of DFID.

12.19.2 With effect from January 2016, all new development cooperation programmes by the UK Government have been either Technical Assistance (TA) programmes focused on sharing skills and expertise, or in investments in private sector under PSDI (Private Sector Development Initiative) projects focused on helping the poor. The 4 new agreements signed in the year 2019 between Government of India and DfID/FCO are :

S.no	Programme/Project	Date of Signing of MoU	Time period of Programme	Amount (in £ million)
1	India-UK Financial Services Technical Assistance Programme	10.01.2019	January 2019 to December 2023	6 – 8
2	Sustainable Cities for Shared Prosperity (SCSP)	10.01.2019	January 2019 to March 2023	9.5-10.5
3	UK-India Fast Track Start-up Fund (FSF) -Technical assistance to be provided	10.01.2019	January 2019 to March 2032	DCI 28 + TA 10
4	India-UK Technical Assistance programme on Ease of Doing Business	18.04.2019	2019 to 2022	3 - 5

DCI – Development Capital Investment TA – Technical Assistance

12.20 India-UK Economic & Financial Dialogue

12.20.1 An agreement was signed between India and UK on Feb 05, 2005 establishing 'Indo-British Economic & Financial Dialogue' at the Ministerial level to be held on alternate basis between India and UK. India-UK Economic and Financial dialogue (EFD) is co-chaired by Finance Minister of India and Chancellor of Exchequer, UK. The first dialogue was held in 2007. So far 9 dialogues have been held and the 9th EFD was held in India on 4th April, 2017. The 10th EFD is due to be held in London, UK.

12.21 Bilateral Development Cooperation with USA

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

12.21.1.1 The United States of America bilateral development assistance to India started in 1951 and it is mainly administered through the USAID. Since its commencement, USAID has provided economic assistance to India in various sectors. Currently, following seven projects are being implemented by USAID in partnership with Govt. of India:

i. Partnership Agreement for Agri. & Food Security Program;

ii. Partnership Agreement for Sustainable Forests and Climate Adaptation Program;

iii. Partnership Agreement for Water, Sanitation and Hygiene (WASH);

iv. Partnership Agreement for Renewable Energy Technology Commercialization & Innovation;

v. Partnership Agreement for Health Project;

vi. Disaster Management Support Project; and

vii. Partnership Agreement for the Energy Efficiency Technology Commercialization and Innovation Project.

12.21.2 United States Trade and Development Agency (USTDA)

12.21.2.1 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. Since 1992, the U.S. Trade and Development Agency has supported over 100 priority development projects in India with public and private sector sponsors. During the year 2019, DEA granted approvals for two proposals for the signing of agreements by Petroleum and Natural Gas Board and Bharat Petroleum Corporation Limited with USTDA for feasibility study assistance in the sector of petroleum worth USD 0.97 million and USD 0.73 million, respectively.

12.21.3 India-US Economic and Financial Partnership

12.21.3.1 The seventh Cabinet level meeting of India-US Economic and Financial Partnership (EFP) was held in New Delhi on 01st November, 2019 under the co-chairpersonship of Finance Minister of India and Secretary of the US Treasury. During this meeting of the EFP, both sides had in-depth exchanges of views on a range of issues such as the global, US, and Indian economic outlooks, global debt sustainability, financial sector reforms, leveraging of capital flows and investment. They also took stock of the efforts undertaken to further improve mutual cooperation on a wide range of multilateral subjects including anti-money laundering and combating financing of terrorism (AML/CFT). Both sides expressed commitment towards greater economic cooperation on global economic issues, both bilaterally and multilaterally in the G20 and other fora. The two sides also hoped for continued engagement to strengthen the relationship between the two countries, as well as, strengthening their economies and economic security. A Joint Statement in this regard was issued at the conclusion of the dialogue.

12.22 Bilateral Development Cooperation with Canada

12.22.1 International Development Research Centre (IDRC) of Canada

12.22.1.1 International Development Research Centre (IDRC) - a Crown Corporation of Canada, extends grant assistance to various Governments and Non-Government organizations for projects in the field of agriculture, health and family welfare etc.

2.22.1.2 Since 1972, IDRC has funded 551 research activities worth CAD 159 million in India through institutions, researchers and NGOs. For FY 2018-19, DEA granted approval for 2 Grant Proposals from IDRC involving grants assistance worth CAD 1 million.

12.23 Bilateral Cooperation with China

12.23.1 India-China Financial Dialogue

12.23.1.1 The 9th India-China Financial Dialogue was held in New Delhi on 25.9.2019. The Chinese delegation led by Vice Minister, Ministry of Finance interacted with the Indian delegation led by Secretary, Department of Economic Affairs on wide-ranging issues of mutual interest. Both sides had in-depth exchange of views on macroeconomic situation & policy, cooperation in multilateral framework, bilateral investment and financial cooperation. Two sides also committed to promote a favorable environment to enable continuous growth of bilateral trade and investment, strengthen their efforts to promote more balanced and healthier development of trade and economic cooperation and further enhance the closer development partnership between two countries. A Joint Statement was issued at the conclusion of the Financial Dialogue reflecting the mutual understanding and shared vision of both the countries to further strengthen cooperation in the financial sector.

12.24 Bilateral Cooperation with New Zealand

12.24.1 India-New Zealand Economic Policy dialogue

12.24.1.1 India-New Zealand Economic Policy Dialogue was established in the year 2009. The Economic Policy Dialogue between India and New Zealand provides a platform for collaboration on bilateral issues of mutual concern, including macroeconomic policies, foreign investment and pension funds, tax reforms, possibilities of future engagement and cooperation between both the countries. So far, seven dialogues have been held between India-New Zealand on alternate basis. The 7th India-New Zealand Economic Policy Dialogue was held on 28th November, 2019 in New Delhi under the co-chairmanship of Additional Secretary, DEA from Indian side and Additional Secretary, Treasury from New Zealand side.

12.25 Lines of Credit extended to developing countries under Indian Development and Economic Assistance Scheme (IDEAS):

12.25.1 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 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. 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. 2015-16 to 2019-20, with the 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.

12.25.2 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.

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

12.25.4 During the FY 2019-20 (i.e. from April 1, 2019 to January 15, 2020), 17 LoCs worth USD 1,538.408 million have been extended to African countries and 6 LoCs worth USD 1811.80 million have been extended to Non-African countries, details of which are at Annexure -I.

12.26 United Nations Development Programme (UNDP) in India

12.26.1 UNDP is an agency of the United Nations working in the areas of human development, systems and institutional strengthening, inclusive growth and sustainable livelihoods, sustainable energy, environment and resilience. Currently, India is a member of the Board where Permanent Representative of India to the United Nations represents India. India's annual contribution to the UNDP has been to the extent of USD 4.5 million. Besides this contribution, India pays the local office expense to UNDP towards Government Local Office Contributions (GLOC). This amount is calculated based on the categorization of India on income group.

12.26.2 DEA is the point of interface between UNDP and any other national or sub-national authorities and agencies in India. DEA decides on voluntary contribution to UNDP and makes local office contribution. All projects implemented by UNDP in India are cleared by the DEA.

12.27 Global Environment Facility (GEF)

12.27.1 It was established on the eve of the 1992 Rio Earth Summit to help tackle our planet's most pressing environmental problems. The GEF Secretariat is based in Washington, D.C. The GEF unites 183 countries in partnership with international institutions, civil society organizations (CSOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives. GEF provides grants for projects related to biodiversity, climate change, chemical waste, international waters and land degradation. India is a founder member of GEF. India, in GEF, is represented by DEA and Ministry of Environment, Forest and Climate Change, being the Political Focal Point (PFP) and Operational Focal Point (OFP) respectively. The PFP deals with the financing framework of GEF as per which the funds are contributed by the member countries to the GEF kitty. The OFP coordinates all GEF-related activities within a country. The OFP reviews project ideas, checks against eligibility criteria and ensures that new project ideas will not duplicate an existing project. In the Board of GEF, DEA represent India through India's Executive Director in World Bank. India leads the South Asian constituency which includes Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka.

12.27.2 India is a donor as well as recipient member of GEF. Being Political Focal Point for GEF, DEA decides voluntary contribution to GEF. India has contributed around USD 78 million to GEF since its inception in 1991. Under the current replenishment cycle i.e., GEF-7 that runs from 2018-2022, India has pledged USD 15 million to GEF. So far, GEF has financed 102 projects in India with a total GEF grant support of USD 732.9 million (these include both national projects as well as global/regional projects of which India is a part). Under GEF-7, India has received a total allocation of USD 85.61 million for three focal areas namely biodiversity, climate change and land degradation.

12.28 Green Climate Fund (GCF)

12.28.1 GCF was established in 2010 by 194 countries who are parties to the UN Framework Convention for Climate Change (UNFCCC). UNFCCC, which was adopted at the Rio Earth Summit held in 1992, currently serves as the main framework for international cooperation to combat climate change and its impacts. The Convention puts the onus on developed countries to lead the way in combating climate change. The idea is that, as they are the source of most past and current greenhouse gas emissions, industrialized countries are expected to do the most to cut emissions at home and also provide technical and financial assistance to support climate change activities in developing countries. The operation of the Financial Mechanism is entrusted with Global Environmental Facility and GCF. While GEF has served as an operating entity of the financial mechanism since the Convention's entry into force in 1994, GCF was designated as an operating entity in 2011.GCF Board comprises 24 members (each with an alternate member) with equal representation from developing and developed nations. GCF considers application of national entities for accreditation after the focal point in the country recommends the same. Ministry of Environment, Forest and Climate Change is the National Designated Authority (focal point) from India and serves as the main point of contact with the GCF. GCF has approved three projects involving financial assistance of USD 177.8 million related to climate change mitigation and adaptation activities. India does not contribute to GCF's kitty because the responsibility to fund GCF lies primarily with developed countries.

12.29 Foreign Training Courses/Programmes

12.29.1 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. During 2019-20 (upto December, 2019), DEA has processed trainings for 69 Short Term Foreign Training Programmes (less than four weeks) from Singapore Cooperation Programme Training Award (SCPTA), Japan International Cooperation Agency (JICA) and Malaysian Government as received and suitable applicants have been recommended for the purpose.

Bilateral Cooperation & Sustainable Finance Division

Annexure-I

LoCs extended to various African & Non-African countries during the Financial Year 2019-20

Sl. No.	Country	Amount (in USD million)	Purpose	Date of communication from DEA
African Countries				
1.	Madagascar	80.72	For 'Agriculture Development in Madagascar through Irrigation, Farm Mechanization and Food Processing Plant in Bongolava, Betsiboka, Menabe and Analamanga regions'	4-Jun-19
2.	Nigeria	100.00	For the project 'Establishment of a National Rural Broadband Network (NRBN)'.	18-Jun-19
3.	Zimbabwe	310.00	For re-powering of Hwange Thermal Power Station.	18-Jun-19
4.	DR Congo	56.824	For 15 MW Photovoltaic power plant and electrical network solar project at Tshilenge.	12-Jul-19
5.	DR Congo	56.824	For 15 MW Photovoltaic power plant and electrical network solar project at Gemena.	12-Jul-19
6.	DR Congo	26.68	For 10 MW Photovoltaic power plant and electrical network solar project at Manono.	12-Jul-19
7.	Mali	22.00	For setting up a sustainable village & use of solar photo-voltaic technology for irrigation of 2500 hectare of agriculture land in Mali.	7-Aug-19
8.	Mozambique	250.00	For improving of quality of power supply in Mozambique.	26-Aug-19
9.	Ghana	2.01	Additional LoC for completion of the construction of Foreign Policy Training Institute.	6-Sep-19
10.	Nigeria	50.48	For acquisition of Training Ship from Goa Shipyard Limited (GSL).	6-Sep-19
11.	Nigeria	70.00	For procurement of Landing Ship Tanks (LST) from Goa Shipyard Limited (GSL).	6-Sep-19
12.	Mali	60.65	For 50 MW Solar Photovoltaic Power Plant at Fana, Mali.	7-Nov-19
13.	Guinea	20.22	For two solar projects.	7-Nov-19
14.	Guinea	170.00	For strengthening the drinking water supply of grand Conakry Horizon 2040.	13-Nov-19
15.	Rwanda	122.00	For two solar projects.	14-Nov-19
16.	Seychelles	100.00	For procurement, up-gradation, maintenance of defence related equipment and vehicles and implementation of defence projects.	29-Nov-19
17.	Togo	40.00	For electrification of 350 villages through solar photovoltaic systems.	17-Dec-19
Sub Total (A)		**1,538.408**		
Non African Countries				
1.	Uzbekistan	40.00	For procurement of defence equipment.	16-Jul-19
2.	Mongolia	236.00	Additional LoC to supplement the USD 1 billion LoC for the Petrochemical Refinery project in Mongolia.	6-Sep-19
3.	Sri Lanka	400.00	For undertaking 'Development and infrastructure project'.	13-Nov-19
4.	Suriname	35.80	For undertaking the project 'Rural Electrification through solar DG hybrid PV systems in 50 remote villages of Suriname'.	14-Nov-19
5.	Bolivia	100.00	For undertaking development projects in Bolivia.	14-Nov-19
6.	Russian Far East Region	1000.00	For infrastructure and other Development projects in the Russian Far East Region.	6-Jan-20
Sub Total (B)		**1,811.80**		
Grand Total (A+B)		**3,350.208**		

13. Integrated Finance Division

13.1 The Division is responsible for the following functions:

(i) Tendering financial advice & concurrence to 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/Fifteenth Finance Commission/Office of Special Court, Mumbai/ Office of Custodian/ 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.

(iii) The Division also administers two Detailed Demands for Grants i.e. Grant No.27-Department of Economic Affairs and Grant No.29-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.

(iv) Coordination, Compilation, Printing and laying of the 'Detailed Demand for Grants (DDG)' of the Ministry of Finance in Parliament.

(v) Coordination of all matters relating to the examination of the DDG by the Parliamentary Standing Committee on Finance.

(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:

13.2 Budgetary allocation of the Grants (on net basis)

(₹ in crore)

Grant		BE 2019-20	RE 2019-20	BE 2020-21
27- Department of Economic Affairs	Revenue	2727.69	3308.53	3262.57
	Capital	11583.96	12643.62	26045.70
	Total	**14311.65**	**15952.15**	**29308.27**
29- Department of Financial Services	Revenue	1305.15	1378.99	1474.96
	Capital	3385.04	6355.01	9650.04
	Total	**4690.19**	**7734.00**	**11125.00**

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.

PARAS OF AUDIT REPORTS OF C&AG - Details of ATNs Audit paras pending with different Ministries/Departments and their disposal status –

Name of the Ministry/Department : Ministry of Finance
(Department of Economic Affairs)

Sl. No.	No & Year of the Report	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 ATN not sent by the Ministry even for the first time	No of ATNs Sent but returned with the observations & Audit is awaiting their re-submission by the Ministry.	No of ATNs which have been finally vetted by audit but have not been submitted by the Ministry to PAC
1.	44 of 2017 (2017-18)	07	01	-	02
2.	20 of 2018 (Compliance Audit on FRBM) (2018-19)	Full Report (31.10.2019)	-	-	-
3.	2 of 2019 (2018-19)	04	01	-	01

14. Currency & Coin Division

14.1 Currency Section

14.1.1 The Currency and Coin Division is concerned with policy matters relating to production and designs of banknotes and coins, introduction of new banknotes and coins, demonetisation of any existing banknotes and coins, currency and coin related legislations, etc. Further, the matter relating to security features of Banknotes are handled by C&C Division. Security Printing and Minting Corporation of India Ltd. (SPMCIL) is under the administrative control of this Division. In recent years, certain issues with regard to legislation on virtual currencies, digital payments, blockchain technology and payments systems are also looked after by this Division.

14.1.2 Over the years, this Division has been making signification contribution in terms of appropriate availability of currency notes and coins for circulation, thereby helping in the growth and development of our economy. Some of the major achievements of this Department during the financial year 2019-20 are given below:

(i) **New security features of the banknotes:** In order to stay ahead of the counterfeiting, GoI, in consultation with RBI, has initiated the process for introduction of new security features in Indian banknotes. The revised denomination-wise new/advance security features of bank notes were decided in the meeting dated 18.7.2019 under the chairmanship of the then Secretary (EA) and the recommendations of the Central Board of RBI in this regard have been received on 25.11.2019. The revised denomination-wise new/advance security features as recommended by RBI's Board are being processed for approval of the Government. The finalisation of new security features is expected to render the currency notes practically counterfeit free.

(ii) **Commemorative Coins:** During the last 1 year, the Government issued Gazette Notifications for release of 8 Commemorative Coins viz. 125th Birth Anniversary of Yogananda Paramhansa, 100 years of Jallianwala Bagh Massacre, 200th Birth Anniversary of Satguru Ram Singh ji, 550th Parkash Purab of Sri Guru Nanak Dev ji, 100th Birth Anniversary of Smt. Vijaya Raje Scindia , 100th Anniversary of Vikram Sarabhai, 150th Birth Anniversary of Mahatma Gandhi and 250th Session of Rajya Sabha.

(iii) **New Series of Coins which are friendly to visually impaired people:** This Department vide Gazette notification dated 6th March 2019, has notified new series coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees easily identifiable to the visually impaired. Hon'ble Prime Minister on 7th March 2019 released the new series coins. The new prototypes of coins which are friendly to visually impaired people are minted through SPMCIL. RBI has commenced distribution of new design coins over RBI counters and is supplying them to all RBI ROs and currency chests for wider distribution among public.

(iv) **Draft Report and Bill on Cryptocurrencies:** For examining the issues of cryptocurrencies, the Government has constituted an Inter-Ministerial Committee (IMC) under the Chairmanship of Secy (EA) with Members of MeiTY, SEBI and RBI. The Report of the IMC on VCs has since been submitted by its Members, but is awaiting approval of the Government. The

Report and Banning of Crypto currency & Regulation of Official Digital Currency Bill, 2019 will now be examined by the Government through inter-ministerial consultation.

(v) **SPMCIL:** The major initiatives taken by SPMCIL are as below:

(a) **Zero Import of CWBN paper:** SPMCIL has not imported any quantity of CWBN paper from last two years for Bank Note printing from overseas suppliers. All banknote paper requirements are meet by in-house production facility at Security Paper Mill (SPM), Hoshangabad and Bank Note Printing Mill India Pvt. Ltd. (BNPMIPL), Mysuru.

(b) **Export of Inks:** In a major initiative for export orders, SPMCIL has supplied offset inks samples to M/s Oberthur, France for testing.

(c) **Commemorative Postal Stamps:** SPMCIL has printed and supplied Commemorative Postal Stamps of Mahatma Gandhi with specialized tools to all Indian embassies globally on the occasion of 150th Birth Anniversary of Mahatma Gandhi.

(d) **Printing of Commemorative Stamps for International Market:** SPMCIL has printed Commemorative Stamps for the Government of Afghanistan and Government of Ghana and Seychelles on the theme of 150th Birth Anniversary of Mahatma Gandhi.

(e) **New Series of Coins:** New series visually impaired friendly coins-2019 has been launched by Government of India. SPMCIL Mints have started manufacturing of circulation coins as per new design.

(f) **Augmentation in machineries**

- SPMCIL has placed order for installation and commissioning of two state-of-the-art CWBN banknote printing line one each for CNP, Nashik and BNP, Dewas.
- SPMCIL has placed order for two Intaglio machines for banknote printing one each for CNP, Nashik and BNP, Dewas.
- New State-of-the-art automatic coin feeding line has been installed at India Government Mint Mumbai.

(g) **Technology up-gradation:** SPMCIL retrofitted printing machines at Security Printing Press, Hyderabad for printing stamps of different theme with varnish coating and fragrance. 1st time ever Commemorative Postal Stamps of Eight sides produced including selected fragrance stamps.

(h) Initiative of Quarterly Limited review of Accounts has been taken. (Even though it is not mandatory by SPMCIL since it is an unlisted company).

(i) Dividend paid for FY 2018-19 ₹218.48 Crore to the Ministry of Finance.

(j) Policy of costing of commemorative coins has been brought out under guidance of MoF.

14.1.3 Currency section deals with all policy issues and matters relating to design, form and material of currency notes/banknotes including security features, production planning of printing of currency notes and other security documents. Others include currency related legislation, indigenization of bank notes production items in respect of supply of material of printing of bank notes and other security products, expansion, up-gradation and modernization of Presses, Paper Mills, Ink factory, Postal Stamp; Revenue Stamp, NJSP, Passports, fair price determination of Bank Notes and Postal Stamps, etc.

14.1.4 The production of banknotes by BRBNMPL and SPMCIL is strictly and regularly monitored by this section. The Meetings of Strategic Planning Group (SPG) and Production Planning Committee (PPC) are also held regularly under the Chairmanship of Secy(EA) and JS(C&C). During 2019-20, several Meetings of SPG and PPC were held to review the indent and production of banknotes. The cumulative production of notes by BRBNMPL and SPMCIL during 2019-20 upto 30.11.2019 is given below:

Press	Cumulative production			
	01.04.2019 to 30.11.2019	**01.04.2018 to 31.03.2019**	**01.04.2018 to 30.11.2018**	**01.04.2017 to 31.03.2018**
	Quantity in million pcs.			
BRBNMPL	11366.40	19014.20	12638.09	16982.00
SPMCIL	6477.28	10482.34	6685.83	9219.27
Total	**17843.68**	**29496.54**	**19323.91**	**26201.27**
	Face value (in ₹ Crore)			
SPMCIL	169192.03	305976.00	152227.45	230355.66
BRBNMPL	320077.71	434194.00	506582.48	387319.00
Total	**489269.74**	**740170.00**	**658809.93**	**617674.66**

14.1.5 **Notes in Circulation (NICs):** The trends in NICs are strictly monitored. The NICs at the time of Demonetization (4th November,2016) were ₹17,74,200 crore. NIC as on 29.11.2019 was ₹22,29,849 crore. NICs has risen by ₹2,58,576 crore as compared to NIC as on 29.11.2018 (i.e. 1 year ago). Denomination-wise breakup of NIC is given below:

Break-up of NICs As on 28.11.2019										
	₹2	₹5	₹10	₹20	₹50	₹100	₹200	₹500	₹2000	Total
Pieces in millions	4,264	6,982	30,797	8,322	8,503	19,246	4,701	24,778	3,056	1,10,651
₹ in crores	853	3,491	30,797	16,644	42,517	1,92,459	94,026	12,38,921	6,11,260	22,30,967
Source: RBI										

14.2 Coin Section

14.2.1 The work profile of this section inter alia include policy formulation regarding design, shape and size of circulation coins including fixation of fair prices of coins, coins related legislations and issuance of Commemorative Coins. Others include production planning of coins and determination of indent of coins. Like in the case of banknotes, the production and indent of coins is also strictly and regularly monitored by this section through the Meetings of Strategic Planning Committee (SPC) and Production Planning Committee (PPC).

14.2.2 **Coins in Circulations (CICs):** The trends in CICs are strictly monitored. As compared to 1 year ago, on 28.11.2019, the CICs has risen by ₹3,780 crore. The details of CICs are given below and its break-up are as below:

Coins in Circulation (CICs) in ₹ crore			
As on date (28.11.2019):	29,735	1 week ago: 21.11.2019	29,470
		1 month ago: 28.10.2019	29,111
		As on 31.03.2018	24,909
		1 year ago: 28.11.2018	25,955
		As on 31.03.2017	24,342
Source: RBI			

Break-up of CICs As on 28.11.2019					
	₹ 1 Coins & smaller coins)	₹ 2 coins	₹ 5 coins	₹10 coins	Grand Total
Pieces in millions	24,283	12,982	9,401	20,009	66,676
₹ in crores	2,428	2,596	4,701	20,009	29,735

14.2.3 **Guidelines and Costing Policy for Commemorative Coins:** As per the Coinage Act, 2011, "commemorative coin" means any coin stamped by the Government or any other authority empowered by the Government in this behalf to commemorate any specific occasion or event and expressed in Indian currency. Accordingly, the Government issues commemorative coins to mark occasion of great personalities with unique, durable and outstanding contribution towards society, etc. and to remember events which had great historical significance, as per Guidelines approved by the Government.

14.2.4 The Guidelines being followed for issue of a commemorative is not static, but a dynamic one. Changes were made in the Guidelines to address emerging issues or incorporate new elements, which could not be foreseen in the past. The revision of Guidelines was also carried out on the basis of lessons learnt from our examination of proposals received.

14.2.5 The Old Guidelines for issue of commemorative coins/currency dt.29.03.1991was revised on 06.01.2017 by making the Guidelines more specific to coins but elaborate in nature. The Guidelines were further revised on 25.02.2019 to incorporate a Proforma/Format for submission of proposal for commemorative coin, as we received lots of proposals which were not as per our Guidelines. The last revision of the Guidelines was made on 27.03.2019 to incorporate "Commiserative Coins" viz. Commemorative Coins to be issued on occasion to express sympathy/grief/exhibit respect for the sacrifice. This change was made while examining the proposal for issue of a commemorative coin to mark 100th Anniversary of the Jallianwala Massacre on April 13, 2019, which was received from the Ministry of Culture. The existing Guidelines are further re-examined in consultation with the Ministry of Culture to make it more comprehensive.

14.2.6 Since 2014, the Government has issued 42 commemorative coins. The details of commemorative coins issued in 2019 are given below:

COMMEMORATIVE COINS AND COINS ISSUED BY GOVERNMENT OF INDIA AS PER GAZETTE NOTIFICATION in 2019

Sl. No.	Name of Commemorative Coin	Denomination	Notification No. & Date
Year 2019			
1.	125th Birth Anniversary of Yogananda Paramhansa	₹125	G.S. R. 150 (E) Dated 26/02/2019
2.	New Series of Coins	₹1, ₹2, ₹5, ₹10, ₹20	G.S.R.184(E) dated 06.03.2019
3.	100 years of Jallianwala Bagh Massacre	₹100	G.S.R. 293(E) Dated 09/04/2019
4.	200th Birth Anniversary of Satguru Ram Singh ji	₹200 , ₹10	G.S.R. 401(E) Dated 03.06.2019
5.	550 Parkash Purab of Sri Guru Nanak Dev ji	₹550	G.S.R.407(E) Dated 03.06.2019
6.	100th Birth Anniversary of Smt. Vijaya Raje Scindia	₹100	G.S.R. 405 (E) Dated 03.06.2019
7.	100th Anniversary of Vikram Sarabhai.	₹100	G.S.R. No. 406(E) dated 03.06.2019
8.	150th Birth Anniversary of Mahatma Gandhi	₹150	G.S.R. No. 592(E) dated 22.08.2019
9.	250th Session of Rajya Sabha	₹250	G.S.R. No. 829(E) dated 08.11.2019

14.2.7 **Minting Capacity and Utilization:** To meet the indent of coins from RBI, the minting capacity of SPMCIL was enhanced to 7750 mpcs in 2016-17 from 5954 mpcs in 2010-11. However, in recent years, there has been a glut of coins since 2016-17 owing to reverse flow of coins.In case of commemorative coins, SPMCIL has a combined installed capacity of manufacturing commemorative coins in the range of 3,00,000-5,00,000 pcs per annum.Over last 5 years, on an average, SPMCIL manufactured approximately 1, 50,000 commemorative coins and medallions (per annum) for fulfilling domestic demand. This leaves sufficient spare capacity for catering to global demand.

14.2.8 The details of production capacity, utilization, cost incurred and revenue earned are given below:

i) Production capacity of circulation coins and utilization of SPMCIL and lifting by RBI for the last 5 years and 2019-20, up to 30.11.2019 along with details cost of production and revenue earned.

Period	Production Capacity (In Mpcs)	Utilisation (In Mpcs)	Lifting by RBI (In Mpcs)	Cost of Production (₹In cr.)	Revenue Earned (₹ In cr.)
2014-15	7400	7929	7907	1795.04	1340.99
2015-16	7400	9254	9257	1847.86	1672.60
2016-17	7400	9681	9691	2181.16	1304.36
2017-18	7750	6703	6703	1351.09	1142.47
2018-19	7750	5331	5331	1813.57	1273.65
2019-20 (Up to 30.11.2019)	7750	2110	320	686.851	44.04

ii) Production capacity of commemorative coins and utilization of SPMCIL and sale of commemorative coins for the last 5 years and 2019-20, up to 30.11.2019 along with details of cost of production and revenue earned.

Period	Production Capacity (in Pcs).	Utilisation Commemorative Coins/Medals/Medallion/ Souvenir (in Pcs).	Sale of Commemorative Coins/Medals/ Medallion/ Souvenir (In Pcs).	Cost of Production (in ₹Cr)	Revenue Earned (in ₹Cr)
2014-15	4,00,000	165441	72844	23.84	19.54
2015-16	4,00,000	249434	143187	28.80	21.21
2016-17	4,00,000	222813	155666	29.66	22.78
2017-18	4,00,000	232934	181575	31.71	30.95
2018-19	4,00,000	193906	166220	22.83	27.66
2019-20 (Up to 30.11.2019)	4,00,000	140186	164894	22.17	19.40

14.2.9 Policy for Costing of Commemorative Coins: In the past, the Government through SPMCIL had been selling commemorative coins on the basis of 10% Profit Margin of the Total Cost Plus Postal Charges and Applicable GST Rate of the Total Cost. There was no policy as such for costing of commemorative coins and recovery of actual costs plus profits. To bring more clarity on the costing of commemorative coins, the Government has come out with a Policy for Costing of Commemorative Coins on 18.10.2019. This policy has been prepared in consultation with SPMCIL.

14.2.10 The Proforma Guidelines, for Issue of Commemorative Coins and the Costing Policy for Commemorative Coins are placed below at **Annexure-I, Annexure-II and Annexure-III respectively.**

14.2.11 New Series of Coins which are friendly to visually impaired people: This Department vide Gazette notification dated 6th March 2019, has notified new series coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees easily identifiable to the visually impaired. Hon'ble Prime Minister on 7th March 2019 released the new series coins. This has also been included in the Budget Announcements of 2019-20 under Para 104.

14.2.12 The new prototypes of coins which are friendly to visually impaired people are minted through SPMCIL. The difficulties being faced by visually impaired persons with the 2011 series of circulation coins include no definite pattern of shape or size in this coin series for easy differentiation by visually challenged among different denominations. The new features incorporated in the new series of coins include pattern of increasing size (i.e. diameter) from lower to higher denominations and weight in increasing order from lower to higher denomination. The them of new series coins is 'Agriculture', represented with crop grains on the reverse side of the coins. RBI has commenced distribution of new design coins over RBI counters and are supplying them to all RBI ROs and currency chests for wider distribution among public.

14.2.13 Other important Issues relating to coins: In recent years, mints and presses are diversifying their business across the globe from traditional trade of circulation coins and banknotes to medals, medallions, numismatic coins, bullions, security papers and documents, security inks, etc. Accordingly, SPMCIL also needs to diversify its business activities to counter the uncertainty of the domestic demand for coins, banknotes and security documents.

14.2.14 As per the data available in the Table below compiled from RBI, during 2012-13, there was a significant hike in indent of coins by RBI and SPMCIL could supply only 6,878 mpcs of the 9,554 mpcs, and in 2017-18, there was a sharp fall in indent of coins from RBI to 7,712 mpcs from 15,000 mpcs in 2016-17. The installed capacity of coins since 2010-11 is also shown in the Table.

Year	in million pieces (mpcs)		
	Indent	Supply/Lifting	Installed Capacity of SPMCIL
2010-11	6670	6140	*5954*
2011-12	6370	6094	*5954*
2012-13	9554	6878	*5954*
2013-14	12033	7677	*7400*
2014-15	13840	7912	*7400*
2015-16	14240	9258	*7400*
2016-17	15000	9691	*7750*
2017-18	7712	5852	*7750*
2018-19	6132	6132	*7750*
2019-20	3,400*	320	*7750*
Source: Annual Reports of RBI & SPMCIL			

*: *Provided SPMCIL create/provide space for storing of coins*

**: *As on 28.11.2019, RBI lifted 320 mpcs while SPMCIL minted 2111 mpcs*

14.2.15 As already mentioned above, to meet the indent of coins from RBI, the minting capacity of SPMCIL was enhanced to 7750 mpcs in 2016-17 from 5954 mpcs in 2010-11. However, in recent years, there has been a glut of coins since 2016-17 owing to reverse flow of coins. The indent of coins by RBI has also fallen significantly on account of lack of demand for coins from the public. For FY2019-20, RBI's indent for circulation coins amounts to 3400 Mpcs, which is only 1/3rd of the installed capacity of India Government Mints.

14.2.16 As per the Annual Report,2018-19, SPMCIL, the revenue from sale of products during 2018-19 was around ₹5,609 crore. Of this, banknotes constituted ₹2,419 crore (43%); circulation coins constituted ₹1,846 crore (33%); and others (24%). The revenue from sale of circulation coins may fall drastically during 2019-20. The revenue from Medals & Commemorative coins constituted only 1% in 2018-19. Therefore, there is a huge scope potentially for augmenting revenue from sale of commemorative coins, especially by promoting exports of commemorative coins.

14.2.17 However, to reduce the adverse impacts of fall in Coin indents by RBI, SPMCIL has also been exploring various measures. These include explore opportunities for export of circulation coins, commemorative coins, bullion Products and Medallions.

14.3 Other important activities

14.3.1 Payment and Settlement Systems Act: A Committee has been constituted under the Chairmanship of Secretary (EA), with representatives from MeiTy, RBI, UIDAI to suitably amend the Payment and Settlement Systems Act, 2007. The Report of Inter-Ministerial Committee for amendment to Payment & Settlement Systems Act 2007 has been approved by Hon'ble Finance Minister.

14.3.2 Uses of Block-chain technology: The Finance Minister made a policy statement about virtual currencies and distributed ledger technology at Para 112, of his Budget Speech for 2018-19. The Finance Minister stated that "The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy."As far as the Central Government is concerned, a Committee under Joint Secretary (C&C) with Members from SPMCIL and MeiTY was set up on 15.02.2018. Subsequently, Niti Aayog and NIC were also invited in meetings of BCT. Given the technical issues involved, this Department will explore the use of the BBCT/DLT, especially in the financial sector, and the same has been incorporated in the Report of the JMC on virtual currencies mentioned in Para 14.3.3. However, on the wider uses of BCT for promoting digital economy, MeiTY being the Nodal Ministry on the technology aspect of BCT/DLT, has been asked to take appropriate action. Currently, various States are experimenting or working the application of blockchain technology in various sectors of the economy. It has been reported that West Bengal is exploring the use of block chain in issuance of birth certificates while Karnataka is working on e-Goverance. States like Andhra Pradesh and Telangana are also exploring to us the same in land record, road transport, etc.

14.3.3 Policy and Regulation of Crypto Assets in India: At present, Government doesn't maintain data related to trading of Virtual Currencies/ Bit coins. However, taking cognizance of concerns raised at various fora from time to time on increasing use of Virtual Currencies (VCs) and the regulatory challenges around, the Department of Economic Affairs had constituted, on March 15th 2017, an Inter Disciplinary Committee (IDC) chaired by the Special Secretary (Economic Affairs) to examine the framework with regard to Virtual Currency.The IDC had representatives from Department of Economic Affairs, Department of Financial Services, Department of Revenue (CBDT), Ministry of Home Affairs, Ministry of Electronics and Information Technology, Reserve Bank of India, NITI Aayog and State Bank of India.

14.3.4 The Government examined the report submitted by Special Secretary (DEA) and felt that more work and more specific recommendations needed to be made to deal with this phenomenon of Crypto Currencies. Accordingly, a high-level Inter-ministerial Committee (IMC) was constituted on 2nd November, 2017 under the Chairmanship of Secretary (EA) to study the issues related to virtual currencies and propose specific actions to be taken in this matter. The Committee has representation from MeiTy, RBI, SEBI, Ministry of Corporate Affairs and CBDT. The Report of the IMC on VCs has since been submitted by its Members, but is awaiting approval of the Government. The Report and Banning of Crypto currency & Regulation of Official Digital Currency Bill, 2019 will now be examined by the Government through inter-ministerial consultation by moving a Cabinet Note in due course.

14.3.5 Further, the Government and the RBI had been warning the users of crypto-currencies of the dangers posed by such virtual currencies. The Reserve Bank of

India issued warning in December 2017 about the potential financial, operational, legal, customer protection and security related risks that they are exposing themselves to by investing in Bitcoin and/or other Virtual currencies. The Reserve Bank of India has also clarified that it has not given any license/ authorization to any entity/company to operate such schemes or deal with Bitcoins or any virtual currency. Before this, RBI had also warned in December, 2013 and February 2017 risks and dangers with Virtual currencies. Further, RBI in its letter dated 6.4.2018 to all banks/ financial establishments has advised that with immediate effect, entities regulated by the Reserve Bank shall not deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs. Accordingly, this ban came into force w.e.f. 6th July, 2018. The Government of India also issued a comprehensive Press Release dated 29.12.2017, where the Ministry of Finance outlined the concerns about virtual currencies.

14.3.6 Collection of Stamp duty and how to improve the existing systems: The Government has constituted on 28.12.2018 a Group to examine the present system of physical stamp and e-Stamping under the Chairmanship of Finance Secretary, and the Group has been tasked with the objectives: (i) To examine the present system of physical stamp papers and e-Stamping, and the limitations/lacunae; (ii) To consider means to reform the present system of physical stamp papers and e-Stamping, including through use of block chain technology;(iii) To study the latest systems used in collection of taxes by Government of India and various States so as to put in place a robust, modern and transparent system for collection of stamp duty. The 1st Meeting of the Group was held on 22.08.2019.

14.3.7 As collection of stamp duty is mainly under the domain of the States/UTs, the purpose of the Group is to give make recommendations for improvement of the existing system of collection systems. The States/UTs has been asked to share the requisite data necessary for making the detailed analysis of the revenue collected and costs incurred by the States/UTs before the adoption of the e-Stamping model and after the adoption of the e-Stamping model.

14.3.8 At present, there is no uniformity across the States/UTs in the collection mechanism for stamp duty. Most of the States/UTs are making efforts to phase out the paper based physical stamp collection system or the franking system or both, so that the collection of stamp duty is wholly through appropriate e-Stamping. The shift to e-Stamping is expected to make the collection of stamp duty seamless, and also help in improving the Ease of Doing Business not only for the States/UTs, but for the country as well.

14.4 Security Printing and Minting Corporation of India Limited (SPMCIL)

14.4.1 The Department of Economic Affairs is the Administrative Department of SPMCIL and look into all issues relating to appointment to Board Level posts in SPMCIL and Residual establishment matters of the nine Units of SPMCIL. Others include, SPMCIL Pension Fund Trust,;MoU with SPMCIL; Preparation of Annual Report of SPMCIL; Modernization of mints and security paper mill; etc.

14.4.2 SPMCIL, a Mini-ratna Category-I, Schedule-'A' Central Public Sector Enterprise (CPSE) was incorporated 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 by the Government of India (Ministry of Finance) directly. The Company is wholly owned by the Central Government with Authorized Share Capital of ₹2,500 crores and paid-up Share Capital of ₹1,064.24 crores as on 31.03.2019.

14.4.3 The Reserve Bank of India (RBI) is the customer for currency notes supplied by two Currency Presses of the Company, i.e. Bank Note Press (BNP), Dewas and Currency Note Press (CNP), Nashik. The Ministry of External Affairs (MEA) and Ministry of Home Affairs (MHA) are customers for passports and visa stickers respectively and the State Governments are customers for Non-Judicial Stamp Papers and allied stamps and the Postal Department is the customer for postal stationery, stamps, etc. supplied by the two Security Presses of the Company, i.e. Security Printing Press (SPP), Hyderabad and India Security Press (ISP). These Security Presses also produce various security items like cheques, railway warrants, income tax return order forms, saving instruments, commemorative stamps, certificates etc. for various customers. DEA, Ministry of Finance is the customer for circulating coins supplied by the four India Govt. Mints (IGMs) of the Company at Mumbai, Kolkata, Hyderabad and Noida. The Company has one Security Paper Mill (SPM) at Hoshangabad which manufactures Security Paper for use by Currency / Security Presses. The Company also has an Ink Factory at Dewas which manufactures Offset Ink, UV Ink and Quickset Intaglio Ink for use by the presses of SPMCIL and BRBNMPL.

14.4.4 The Company had achieved the targets in the production of Bank Notes, Coins, Security Paper, Passports, Security Inks and other Security Products during the year 2018-19. While achieving the production targets, the Company had also increased productivity per employee considerably.

14.4.5 The Company had produced 10482 million pieces of the Bank Notes and supplied 10306 million pieces of Bank Notes to Reserve Bank of India (RBI) during the year 2018-19. This was 13.70% higher than the production of 9219 million pieces of the Bank Notes during the year 2017-18. Production of the Bank Notes per employee had increased to 3.29 million pieces in 2018-19 as against 2.72 million pieces achieved during the year 2017-18.

14.4.6 The Company had produced 5331 million pieces of the Circulating Coins and supplied 6133 million pieces of the Circulating Coins to RBI during the year 2018-19. This was 20.47% lower than the production of 6703 million pieces of Circulating Coins achieved during the year 2017-18. Production of Coins per Employee had also decreased to 2.24 million pieces in 2018-19 as against 2.55 million pieces achieved in 2017-18. The decrease in the production/productivity of Circulating Coins in the year 2018-19 is due to huge reduction in the indent of Circulating Coins by RBI during the year 2018-19.

14.4.7 The Company had produced 6003 Metric Ton (MT) Security Paper and supplied 6837 MT of Security Paper to the printing presses during the year 2018-19. This was 3.88% higher than the production of 5779 MT of Security Paper during the year 2017-18. Production of Security Paper per Employee had increased to 5.68 MT in 2018-19 as against 5.16 MT achieved during the previous year.

14.4.8 The Company has produced 752 Metric Ton (MT) of Security Inks in 2018-19 at Ink Factory, Dewas. This production includes the complete requirement of all four SPMCIL presses and the excess ink was supplied to the Currency Presses of Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) at Mysuru and Salboni.

14.4.9 Despite 20.47% reduction in production of Circulating Coins in the year 2018-19 compared to the year 2017-18, the total Revenue from Operations of the Company had increased to ₹5,711.34 crores in 2018-19 from ₹4,402.30 crores in the previous year 2017-18 due to increase in revenues from Banknotes and from other security products manufactured by ISP, Nashik and SPP, Hyderabad. Total expenditure for the year 2018-19 is ₹5010.04 crores as compared to ₹4,028.43 crores for the year 2017-18. Profit before Tax (PBT) from continuing operations for the year 2018-19 is ₹815.18 crores as compared to ₹570.61 crores for the year 2017-18 registering a growth of 42.86% over previous year. The Company had achieved a Total Comprehensive Income (TCI) of ₹531.61 crores in the year 2018-19 as compared to ₹652.03 crores in the year 2017-18. The consolidated TCI after taking into account the 50% share of Joint Venture Company, Bank Note Paper Mill India Pvt. Ltd (BNPMIPL) is ₹620.48 crores in the year 2018-19 as compared to the Consolidated TCI of ₹767.90 crores in the year 2017-18.

14.4.10 In the year 2019, the mints of the Company have started the production of visually impaired friendly new series circulation coins 2019 released by Hon'ble Prime Minister of India on 7th March 2019. The new series includes coins of ₹1, ₹2, ₹5, ₹10 and ₹20 denominations. These coins are characterized by the increasing size and weight from lower to higher denominations.

14.4.11 The Company had paid Final Dividend @ 5% of the Net-worth of the Company for the year 2018-19 aggregating to ₹218.48 crores plus applicable Dividend Distribution Tax to the Government of India in accordance with the guidelines on Capital Restructuring of CPSEs issued by DIPAM.

14.4.12 The Company had taken-up many modernization and capacity augmentation initiatives. For modernization and capacity up-gradation of currency presses, Board of Directors of the Company has approved the placement of Purchase Order for procurement of two Bank Note Printing and Finishing Machine lines one each for CNP, Nasik and BNP, Dewas at the total financial implication of ₹470 Crores (approx.) SPMCIL Board has also approved the placement of Purchase Order for procurement of two intaglio printing machines one each for CNP, Nashik and BNP, Dewas at the total financial implication of ₹125.24 crores (approx.). Recently, SPMCIL Board has approved the procurement of three banknote finishing machines and two Intaglio printing machines for CNP, Nashik on replacement basis at the total estimated cost of ₹225 crore.

14.4.13 The state-of-the-art Corporate R&D Centre has been setup at CNP, Nashik to carry out research and development activities on currency, passport and security documents etc. at par with international standards. Infrastructure such as counterfeit deterrence technology laboratory, material characterization laboratory (optics, spectroscopy & microscopy), chemical analysis laboratory, pilot plant has been developed for in-house R&D activities. A full-fledged R&D Centre for Paper, Pulp etc. has been established at SPM, Hoshangabad. Latest testing equipment and machinery have been procured and installed successfully in the said R&D Centre. IGM, Mumbai has designed and started supplying to the State Governments Volumetric Test Measure of 10 liters for fuel dispensing unit in coordination with FCRI. IGM Mumbai has got orders for 2000 nos. of FSTM from Ministry of Consumer Affairs for supplying to all the States. IGM, Mumbai has integrated facility of gold refining, processing and testing (assaying).

14.4.14 The Manpower Strength in the Company had come down to 8918 as on 31.03.2019 which includes 339 Executives, 1048 Supervisors and 7531 Workers working in 9 Units and Corporate office in comparison to previous year's employee strength of 9638. Training and retraining of employees to upgrade their functional skills and expertise along with development of their soft skills and group dynamics are thrust areas for the Company. The Industrial Relations remained peaceful and cordial during the year 2018-19 in all the units of SPMCIL. The details of representation of SCs, STs, and OBCs as well as representation of the Persons with Disabilities in the manpower strength of SPMCIL are at **Annexure-IV**.

14.4.15 SPMCIL has taken-up many CSR projects in the areas of education, healthcare, rural development, skill development, providing drinking water facility etc. in the year 2019. The CSR budget of the Company for the year 2019-20 is ₹15.73 crores and the CSR projects for the amount of ₹11.46 crores have been approved by SPMCIL Board till date. Under the Gram Uday Scheme, BNP, Dewas has adopted Kawaria village and SPM, Hoshangabad has adopted Chatua village for implementing projects under CSR. As per the instructions of Department of Public Enterprises (DPE) for giving preference to aspirational districts, SPMCIL has adopted Barwani District of Madhya Pradesh as the aspirational District.

14.4.16 SPMCIL is also in the process of setting up State-of-the-Art Mint Museum at Old Silver Mint, Kolkata and at Saifabad, Hyderabad. The site survey has been done along with the experts to plan a detailed road-map for setting up the museums.The historical coins and medals along with other items of historical importance may be displayed in the aforesaid museums.

14.4.17 Indigenization: One new Security Paper line of 6000 MT capacity at SPM, Hoshangabad was started in May, 2015. The Company had also setup a 50:50 Joint Venture in October, 2010 with Bhartiya Reserve Bank Note Mudran Private Ltd. (BRBNMPL) in the name of Bank Note Paper Mill India Private Limited (BNPMIPL) to implement a Green-Field project of a bank note paper mill with capacity of 12000 MT per annum to bring two state of the art technology paper lines of capacity of 6000 MT per annum each. The commercial production from all the aforesaid paper lines had commenced and India becomes self-reliant in indigenous production of CWBN paper requirement, import substitution thereby saving valuable foreign exchange. The JV Company, BNPMIPL has produced 15163 MT of Security Paper during the year 2018-19. The ink factory at BNP, Dewas is manufacturing Offset ink, UV ink and Quickset Intaglio ink to meet the requirement of currency/security presses of the Company.

14.4.18 The Security Presses of the Company have printed commemorative postage stamps in the year 2019 on various themes i.e. 100 years of Jallianwala Bagh Massacre, India - Republic of Korea Joint Issue, Indians in First World War, Gandhian Heritage in Modern India, 150^{th} Birth Anniversary of Mahatma Gandhi, 550^{th} Birth Anniversary of Guru Nanak Dev Ji etc. and International Stamps for Ghana Post, Seychells Post and Afghan Post.

14.4.19 RTI Act: SPMCIL has taken various steps towards implementation of the RTI Act, 2005. The desired information is provided to the applicant on time.

Annexure-I

Proforma for Commemorative Coin

1. Name of the individual/organisation/Event/Institution/any other
   (tick the appropnate title and provide name): ..

2. Occasion for Commemoration

3. Whether the event has been approved by Ministry of Culture: ....

4. The life sketch/history of the individual/organization/Event/Institution
   (details to be annexed - not more than one page): .. ..

5. Achievements/Contribution/Stature/Importance of individual organization/Event/ Institution **(details to be annexed-not more than one page): ....**

6. Whether any coin has been issued related to the same individual/ organization/Event/Institution:............

7. Authenticated image* for depiction on the Commemorative Coin:

8. Denominations of Commemorative Coin to be released: ....

9. Tentative Date for release function of Coin: ....

10. How many coins are sought to be minted?.....................

11. Name of the organizer for Commemoration of Event: ....

12. Name and details of the Coordinator for the release function:

13. Name of the Sponsor, if any. ....

14. Who will pay for the minted coins?....................

* *In case authenticated image is not available, a proposed image may be furnished which will be authenticated and approved in consultation with the Ministry of Culture.*

Note:
(i) The proposal should normally be received at least 6 months prior to Commemoration and
(ii) Proposal should conform to the Guidelines for Issue of Commemorative Coins, given at **Annexure-II.**

Proforma was issued on 25.02.2019

Annexure-II

F.No.02/18/2018-Coin
Government of India
Ministry of Finance
Department of Economic Affairs
Currency & Coin Division

Room No.241-F, North Block, New Delhi
Dated the 27th March, 2019

ORDER

Subject : Issue of Commemorative Coins with the portrait of eminent person/national leader, an Institution/Organisation of national Importance and Commemorative coin on prominent programme/event-Revised Guidelines-reg.

In supersession of the **Department's Order No. 011101/2013 Coin, dated the 6th January, 2017** regarding guidelines for issue of commemorative coin with the portrait of eminent persons/national leaders in the future, the following guidelines/procedures have been approved by the Government on the subject cited above:-

2. The Central Government may issue commemorative coins of appropriate den-ominations by notification on eminent persons/personalities/institutions/events/programmes that have a national or international nature or have made lasting contribution or impact or reflect national/international contribution/impact. The contribution made by the individual organisations/institution/programme/event should have transcended the barriers of partisan politics, region, community, language or religion.

3. However, on an occasion to express sympathy/grief/exhibit respect for the sacrifice, 'Commiserative Coins' would be issued.

a. *In* case of an individual

Proposal for commemorative coins shall be considered and approved subject to following guidelines:-

i. The individual should be an Indian citizen or a person belonging to the Indian diaspora. The Government may commemorate an occasion related to a foreign individual, only where his or her contribution for the Indian society or humanity at large has been exceptional.

ii. The occasion related to the individual should be commemorated only posthumously.

iii. The individual should have attained excellence in public life, in areas such as science, literature, arts including performing arts of must have made intellectual contribution of an exceptional order

iv. The individual's contribution should be a lasting and durable nature. A test of such durability should normally be the observance of the anniversary or birth centenary of the individual as a national occasion.

b. In case of an Organization/Institution/Programme/Event

i The occasion should normally relate to a specific/significant day of the Organization/Institution/Programme/Event.

ii. The institution/organization/programme/event should have national or international stature with significant and well recognized contribution in their field or to the Nation's social-economic development.

c. Procedure

i After examining the proposals in the light of above guidelines, a final decision in each case would be taken by the Finance Minister in consultation with the Prime Minister.

ii. The Government shall normally issue commemorative coins selectively and will try to issue only a minimum number of Commemorative Coins in a calendar year.

iii. Commemorative Coins shall conform to the dimension, designs, composition, standard weight and remedy allowed as may be specified in the notification issued by the Government prior to the release of the Commemorative Coin.

iv. Security Printing and Minting Corporation of India Ltd. (SPMCIL)Ispecified agency will mint and supply within 1 year at least 100 million pieces (mpcs) of circulation commemorative coins after release of the commemorative coin by the Govt. of India.

v. Minting and distribution of Commemorative Coin will be done by SPMCIL/specified agency within a period of 1 year from the date of release.

Annexure-III

F.No. 300406483/2019-Coin
Government of India
Ministry of Finance
Department of Economic Affairs
(C & C Division)

Room No.241-F, North Block, New Delhi
Dated the 10th October, 2019

Subject : Policy for Costing of a Commemorative Coin

1. Once the gazette notification for issuance of a commemorative coin is issued, SPMCIL starts the production of the same and also simultaneously fixes their selling price.

2. The **sale price of a commemorative coin** shall be worked out as under:

   (a) **General Principle:** The cost incurred on minting of commemorative coins shall be recovered on cost plus principle. A profit margin shall be added depending on type of commemorative coin. The price shall be finalised before commencing the sale.

   (b) **Price Calculation:**

   (1) Metal Cost (A): Metal cost, as per metal composition and weight of each metal component in the coin is recovered as per market rates. Metal rates are based on London Metal Exchange (**LME**) prices or any other neutral and fair sources of Indices.

   (2) Labour Cost (B): Labour cost is calculated on the basis of actual labour hours put in by workers in concerned sections of coin production by applying the actual per hour rate of labour. Design cost is also included in labour cost as per the standard costing practices.

   (3) Direct Expenses/Overheads (C): Direct expenses/overheads consisting of the following are directly allocated to cost, as per the standard costing practices, being direct expense of commemorative coins:

   a. Die cost
   b. Electricity cost
   c. Packing Material cost

   There are three types of sets for packaging - Executive, Proof and UNC (Uncirculated coin). In terms of cost, Executive is at the top followed by Proof and UNC.

   (4) Indirect Expenses/Overheads (D): Indirect expenses/overheads consisting of following is apportioned to cost of commemorative coins on the basis of total cost of production and units of production:

   a. Administration Expenses
   b. Security Expenses

   (5) Incidental Charges (E): Incidental charges @ 20% of total cost, equalling (A+B+C+D) is also charged to cover the expenses such as marketing expenses, including advertisement expenses and sales promotion expenses, process losses, depreciation on machinery etc. Increase in any of cost components, namely Metal rates, labour charges, direct/indirect expenses is also covered through incidental charges. Further, incidental charges would also cover other costs not explicitly covered in the cost sheet e.g. capital cost, opportunity cost of own funds, process losses and contingent expenses, etc.

(6) Total Cost (F) = Metal Cost (A) + Labour cost (B) + Direct Expenses (C) + Indirect Expenses/Overheads (D) + Incidental charges (E)

(7) Profit Margin (G) = X% of Total Cost (F)

Where X=
(i) 10 for the commemorative coins minted for public personalities/events (sponsored by Ministry of Culture)
(ii) 50 for the Commemorative coins minted for public sector entities/other public autonomous bodies
(iii) 100 for private charitable sponsoring organisation
(iv) 200 for private commercial sponsoring organisation.

(8) Postal Charges (H) = Actual postal charges

(9) GST (1) = 3% of (F + G + H)

(2) Selling Price = Total Cost (C) + Profit Margin (G) + Postal Charges (H) + GST (1).

(c) Minting of additional commemorative coins: Additional cost refers to the cost of production of additional lot over and above the initial planned quantity. There may not be any additional cost for minting of second and subsequent lots of commemorative coins and these coins are minted at essentially the same cost. However, to absorb the ramp up costs, and some other incidentals as well as to encourage single-go orders, each additional coin will be billed at 1.10 times the cost of initial lot.

3. The following shall be the **terms and conditions for payment**

i. The PSUs/ autonomous bodies/private trusts, etc. will be required to pay the entire expected amount in advance. The Government Government Departments/State/UTs will be allowed to pay in 15 calendar days from date of delivery. Failure to make the payment within due date will lead to imposition of a penalty @ 15% per annum. Alternatively, they could choose to pay in advance.

ii. In case DEA asks SPMCIL not to charge for a coin, the price would be made good by DEA to SPMCIL, on same basis as is currently done for circulation coins.

iii. If the physical delivery coins are to be made by SPMCIL, all delivery related charges would be paid on actual basis.

iv. If the private trusts/organisations intendto lift the coins on their own, it should be lifted within 15 days from the date of receipt of the delivery order. If lifting is not completed within the stipulated time, the concerned private trusts/organisations should bear the additional demurrage charges costs @ 10% of the product cost per month.

v. The Ministries/Departments, including Ministry of Culture, would accordingly budget expenditures on getting a coin minted from SPMCIL in their Demand for Grants.

vi. Payment should be made only through NEFT/RTGS/Credit Card/Debit Card/Demand Draft. However, for purchase of coin by an individual, he should ensure that payment is made through NEFT/RTGS/Credit Card/ Debit Card/Demand Draft.

4. The **disputes**, if any, shall be settled as follows:

i. **Amicable settlement:** The parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Policy or the interpretation thereof.

ii. **Dispute resolution:** Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Policy (including its interpretation) between the Parties, shall be settled through mediation at the level of Secretary Economic Affairs, whose decision shall be final and binding on all parties.

Annexure-IV

Representation of SCs, STs, and OBCs

Groups	Representatiion of SCs/Sts/ OBCs (As on 31.3.2019)				Number of Appointments made during the Financial Year 2018-19									
					By Direct Recruitment				By Promotion			By Other Methods (Internal Recuritment)		
	Total No. of Employees	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'	339	55	20	62	11	4	0	3	63	0	0	3	0	1
Group 'B'	1048	157	86	153	34	5	3	8	95	15	7	0	0	0
Group 'C'	7531	1488	664	941	13	1	1	2	1273	361	124	3	0	0
TOTAL	**8918**	**1700**	**770**	**1156**	**58**	**10**	**4**	**13**	**1431**	**376**	**131**	**6**	**0**	**1**

Representation of Persons With Disabilities

Groups	Representatiion (As on 31.3.2019)				Number of Appointments made during the Financial Year 2018-19													
					DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments made				No. of Vacancies reserved			No. of Appointments made			
	Total No. of Employees	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	339	0	1	3	0	0	1	11	0	0	1	0	0	0	0	0	0	0
Group B	1048	1	0	12	0	0	2	0	0	0	0	0	0	0	50	0	0	1
Group C	7531	26	58	144	7	0	9	0	0	0	0	0	0	0	679	1	0	3
Total	**8918**	**27**	**59**	**159**	**7**	**0**	**12**	**11**	**0**	**0**	**1**	**0**	**0**	**0**	**729**	**1**	**0**	**4**

Annexure-I

DEPARTMENT OF ECONOMIC AFFAIRS (MAIN)

Representation of SCs, STs, and OBCs

(As on 31/12/2019)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2019									
					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	184	25	4	19	7	0	0	2	15	1	0	24	2	0
Group B	243	34	28	35	0	0	0	0	22	3	2	0	0	0
Group C	287	84	7	29	0	0	0	0	9	6	0	0	0	0
TOTAL	**714**	**143**	**39**	**83**	**7**	**0**	**0**	**2**	**46**	**10**	**2**	**24**	**2**	**0**

Annexure-II

DEPARTMENT OF ECONOMIC AFFAIRS (MAIN)

Representation of Persons With Disabilities (PWD) SCs, STs, and OBCs

(As on 31/12/2019)

					BY DIRECT RECRUITMENT							PROMOTION						
Groups	**Number of Employees**				**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**
Group A	184	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group B	243	0	2	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group C	287	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**714**	**0**	**2**	**9**	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Annexure-I

NATIONAL SAVINGS INSTITUTE, NEW DELHI

Representation of SCs, STs, and OBCs

(As on 31/12/2019)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2019									
					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	6	2	0	0	0	0	0	0	0	0	0	0	0	0
Group B	19	2	1	4	0	0	0	0	0	0	0	0	0	0
Group C	36	10	4	11	4	1	0	0	0	0	0	0	0	0
Total	**61**	**14**	**5**	**15**	**4**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Annexure-II

NATIONAL SAVINGS INSTITUTE, NEW DELHI

Representation of Persons With Disability (PWD) SCs, STs, and OBCs
(As on 31/12/2019)

					DIRECT RECRUITMENT							PROMOTION						
Groups	**Number of Employees**				**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**
Group A	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group B	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group C	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**61**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Annexure-I

SECURITIES APPELLATE TRIBUNAL, MUMBAI
Representation of SCs, STs, and OBCs
(As on 31/12/2019)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2019									
					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	7	0	0	2	0	0	0	0	1	0	0	1	0	0
Group B	10	1	0	0	0	0	0	0	2	0	0	0	0	0
Group C	15	2	0	4	2	0	0	0	0	0	0	0	0	0
TOTAL	**32**	**3**	**0**	**6**	**2**	**0**	**0**	**0**	**3**	**0**	**0**	**1**	**0**	**0**

Annexure-II

SECURITIES APPELLATE TRIBUNAL, MUMBAI
Representation of Persons With Disabilities (PWD) SCs, STs, and OBCs
(As on 31/12/2019)

					BY DIRECT RECRUITMENT							PROMOTION						
Groups	Number of Employees				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**
Group A	7	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	10	0	0	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	15	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**32**	**0**	**0**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-I

SECURITIES EXCHANGE BOARD OF INDIA

Representation of SCs, STs, and OBCs
(As on 31/12/2019)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2019									
					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**
OFFICERS	795	104	42	213	94	10	1	25	226	35	17	0	0	0
SECRETARIES	73	2	0	4	0	0	0	0	0	0	0	0	0	0
JUNIOR ASST.	2	0	0	1	0	0	0	0	0	0	0	0	0	0
MESSENGER/ COOK	2	1	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**872**	**107**	**42**	**218**	**94**	**10**	**1**	**25**	**226**	**35**	**17**	**0**	**0**	**0**

Annexure-II

SECURITIES EXCHANGE BOARD OF INDIA

Representation of Persons With Disability(PWD) SCs, STs, and OBCs
(As on 31/12/2019)

								PROMOTION			
Groups	Number of Employees							No. of Vacancies reserved		No. of Appointments	
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
OFFICERS	795	10	5	11	0	0	0	0	5	0	4
SECRETA-RIES	73	1	0	0	0	0	0	0	0	0	0
JUNIOR ASST.	2	0	0	0	0	0	0	0	0	0	0
MSNGR/ COOK	2	0	0	0	0	0	0	0	0	0	0
TOTAL	**872**	**11**	**5**	**11**	**0**	**0**	**0**	**0**	**5**	**0**	**4**

Annexure-I

SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED (SPMCIL)

Representation of SCs, STs, and OBCs
(As on 31/12/2019)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2019									
					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	344	57	21	63	16	2	1	5	0	0	0	2	0	1
Group B	1037	160	87	163	52	7	4	14	80	7	8	0	0	0
Group C	7112	1383	626	963	90	13	6	24	825	125	70	1	0	0
TOTAL	**8493**	**1600**	**734**	**1189**	**158**	**22**	**11**	**43**	**905**	**132**	**78**	**3**	**0**	**1**

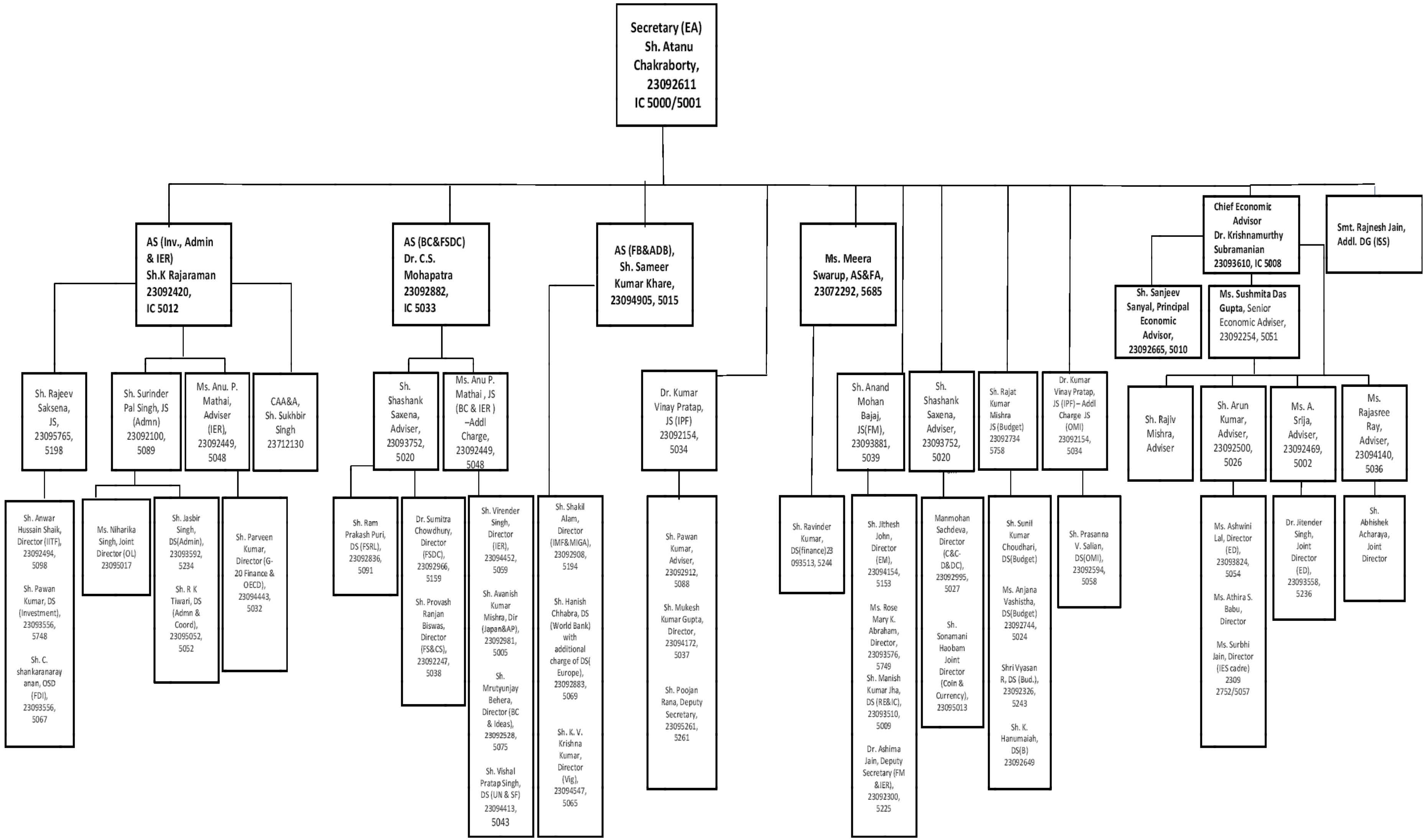
Annexure-II

SECURITY PRINTING & MINTING CORPORATION OF INDIA LTD., (SPMCIL)

Representation of Persons with Disabilities (PWD)SCs, STs and OBCs
(As on 31/12/2019)

					DIRECT RECRUITMENT							PROMOTION						
Groups	Number of Employees				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**
Group A	344	0	0	4	0	-	1	16	-	-	1	-	-	-	0	0	-	0
Group B	1037	1	0	13	0	-	3	0	-	-	-	-	-	-	80	0	-	2
Group C	7112	28	57	140	0	-	4	0	-	-	1	-	-	-	825	1	3	2
Total	**8493**	**29**	**57**	**157**	**0**	**-**	**8**	**16**	**-**	**-**	**2**	**-**	**-**	**-**	**905**	**1**	**3**	**4**

ORGANIZATION CHART IN THE DEPARTMENT OF ECONOMIC AFFAIRS



Chapter - II

Department of Expenditure

1. Personnel Division

1.1 The Personnel Division works under the Additional Secretary (Personnel) and is responsible for administration of various financial rules and regulations like General Financial Rules (GFRs), Delegation of Financial Power Rules (DFPRs) etc. including those relating to personnel matters of Central Government Employees such as regulation of pay and allowances, policy matters on pension, and staffing of Government establishments by creation and upgradation of posts, as also cadre reviews.

1.2 The Division also deals with proposals seeking to alter service conditions and other benefits to Government employees with significant recurring financial implication. Broad instructions on Expenditure Management, including economy measures and measures for improving quality of expenditure such as through Utilisation Certificates (UC) are issued by the Personnel Division.

1.3 This Division administers the General Financial Rules and the Delegation of Financial Powers Rules including issue of clarifications/amendments thereto, and coordinates with Financial Advisors of all Ministries/ Departments of the Central Government. All legislative proposals with general financial implications are scrutinized in the Personnel Division.

1.4 Service matters pertaining to the Indian Audit and Accounts Service(IA&AS), Indian Civil Accounts Service (ICAS) and Indian Cost Accounts Service (ICoAS) are dealt with by this Division. Administrative assistance to the Finance Ministers' Office is also provided by this Division.

1.5 The Division also handles the overall administration of the Department of Expenditure and also controls the cadre for all Central Secretariat Service(CSS)/Central Secretariat Stenographer Service (CSSS)/Central Secretariat Clerical Service (CSCS) upto the level of Section Officers/Private Secretaries in the Ministry of Finance, apart from coordinating Parliament work as well as Right to Information Act (RTI) matters for the Ministry of Finance as a whole.

1.6 **Expenditure Management Commission (EMC)**

1.6.1 Expenditure Management Commission (EMC) was constituted on 04.09.2014 with a mandate to recommend ways to increase efficiency of public expenditure, review major areas of Central Government expenditure and suggest ways of creating fiscal space required to meet development expenditure needs, without compromising fiscal discipline. The Commission submitted its Report in four parts by March 2016. Majority of the recommendations of EMC have been implemented. The remaining recommendations have been taken up for implementation by the concerned Ministries/ Departments and implementation is going on.

1.6.2 As recommended by EMC, a data base of Autonomous Bodies (ABs) has been set up in the website of Department of Expenditure and all Ministries/ Departments have uploaded data relating to ABs under their administrative control. NITI Aayog has set up a Committee for comprehensive review of all ABs under the Central Government. In the first instance, the Committee is reviewing ABs incorporated under Societies Registration Act (SRA), 1860 in consultation with Ministries/Departments.

1.7 **Pay Related Issues :** The 7th CPC on Pay & Pension have been implemented w.e.f 01.01.2016 vide notification dated 25th July, 2016 and various allowances have been implemented w.e.f 01.07.2017 vide notification dated 6th July, 2017. During the year 2019-20, various problems relating to pay matters, arising out of implementation of the recommendations of the 7th 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.

1.8 **Staff Inspection unit (SIU):**

1.8.1 The Staff Inspection Unit (SIU) was set up in 1964 with the objective of securing economy in the staffing of Government Organizations consistent with administrative efficiency and evolving performance standards and work norms in Government offices and institutions wholly or substantially dependent on Government Grants. The Scientific and Technical Organisations are not within the purview of the SIU but a Committee constituted by the 'Head' of the Respective Department, with a representative from SIU as 'Core Member', conducts a study of such organisations.

1.8.2 The Financial Advisers (FAs) are main links between the SIU in the D/o Expenditure and other Ministries/Departments/Offices/Organisations. All requests for staffing studies by the SIU are routed through the concerned FAs in the Departments. The 'Study Reports' are issued after 'on the spot' work measurement studies are conducted by the SIU Study Team after discussions with the senior officials of these organisations and finalizations of the provisional assessment report of the SIU. The final report of the SIU is required to be implemented by the concerned Department within the stipulated period of 3 months as per the instructions in this regard.

1.8.3 The SIU conducts physical inspection/study of the various Central Government Organisations, autonomous bodies working under the Ministries/ Departments of Central Government on a request from the 'Financial Adviser' of the concerned Ministry/ Department. The studies are taken up after inclusion in the Annual Programme after following laid down procedures.

1.9 **Pay Research Unit (PRU):**

1.9.1 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 civilian employees. It also provides information on Ministry-wise/Department-wise and Group-wise number of sanctioned posts and numbers of incumbents in position.

1.10 **The Right to Information Act, 2005 :**

1.10.1 ***RTI Cell***

1.10.1.1 The Right to Information Act, 2005 is implemented in its true spirit and the information required to be disclosed under the RTI 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 the Department of Personnel & Training.

1.10.1.2 During the year 2019-20 under RTI Act 2005, 836 Nos of of RTI Applications and 41 Nos of Appeals received in physical form, 2367 Nos of RTI Applications and 153 Nos of Appeals received online, were disposed off in a time bound manner.

1.10.2 ***Legal Cell***

1.10.2.1 The Legal Cell coordinated 118 ongoing Court Cases out of which Department of Expenditure is Respondent No.1 in 39 Court cases and other than Respondent No.1 in 79 Court Cases, pertaining to Other Ministries/Departments.

2. Public Finance-States Division

2.1 **Special Assistance :** Budgetary allocation of Rs. 15,000 crore has been provided under the head 'Special assistance' in Demand No. 38 (Transfers to States) of Ministry of Finance in the Ministry of Finance in the Union Budget 2019-20(BE). Out of this, Rs. 558.70 crore has been released during 2019-20 (till November, 2019) to the States. This includes releases of Rs. 200.00 crore to the erstwhile State Government of Jammu & Kashmir for implementation of 624 MW Kiru HE Project on river Chenab (Indus Basin) and Rs. 358.70 crore to the State Government of Tripura for completion of the 81 ongoing projects.

2.2 **Additional Central Assistance for Externally Aided Projects:** 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 Northern Eastern and Himalayan 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.18,987 crore was released to the State Governments during 2019-20 (till 30.11.2019) as against Budgeted Estimates (2019-20) of Rs. 24,223 crore.

2.3 **Borrowings**: The methodology for determining annual borrowing ceilings to States during the period 2015-20 has been devised in line with the recommendations of Fourteenth Finance Commission (14th FC). The borrowing limits of States are worked out by Ministry of Finance (MoF) in accordance with the prescribed fiscal reform path of each State. Annual borrowing limits of the States including additional borrowings recommended by FFC have been raised from Rs. 5.58 lakh crore in 2018-19 to Rs. 6.15 lakh crore in 2019-20 (till November 2019).

2.4 **Finance Commission Grants to States**

2.4.1 Finance Commission Division (FCD) undertakes processing of and follow up action on the various recommendations and suggestions of the Central Finance Commission including Release of grants recommended by the successive Central Finance Commissions. Besides share of central taxes, FFC has recommended grant-in-aid 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).

2.4.2 Total Grant in-Aid recommended by the FFC work out to approximately Rs.5.4 lakh crore for the period 2015-20 as per details given below:

(Rs. in crore)

i	Post-Devolution Revenue Deficit Grant	194821
ii	Local Bodies	287436
iii	Disaster Management	55097
	Total	**537354**

2.4.3 Year 2019-20, happens to be the last year of the 14th F.C. award period 2015-2020. During the period under reference i.e. 2019-20, recommendations of the 14th Finance Commission (FFC) were implemented. Total Grant-in-Aid recommended by the FFC for the award year 2019-20 is Rs. 1,31,903.24 crore as per details given below:

(Rs. in crore)

i	Post-Devolution Revenue Deficit Grant	34207.00
ii	Local Bodies (for ULBs Rs.26,665.26 crore & for RLBs Rs.60,687.13 crore)	87352.39
iii	Disaster Management (Central Share of SDRF)	10343.85
	Total	**131903.24**

2.4.4 Out of a total allocation of Rs.1,31,903.24 crore for the year 2019-20, so far as on 12.12.2019, Rs.97,014.68 crore have been released in total. Besides, financial assistance to disaster affected States amounting to Rs. 11,000.00 crore have also been released out of National Disaster Relief Fund (NDRF).

2.5 **Fiscal Performance of States**

2.5.1 The Fourteenth Finance Commission (FFC) for the award period 2015-20 has made far-reaching changes to strengthen fiscal federalism in the country. Consequently, States have obtained larger fund transfers as well as greater autonomy to utilise funds as per their needs. Total transfers to States have increased from Rs. 10.8 lakh crore in 2017-18 to Rs. 12.4 lakh crore in 2018-19 (RE) and further to Rs. 13.2 lakh crore in 2019-20 (BE).

2.5.2 FFC has worked out a revised fiscal roadmap for the States to have zero revenue deficits and the fiscal deficit within 3% of Gross State Domestic Product (GSDP). Additional borrowing options to the States up to 0.5% of GSDP, over and above normal 3% limit have been allowed subject to States maintain their Debt to GSDP ratio within 25% and Interest Payment to Revenue Receipts ratio within 10% and also to have zero revenue deficit.

2.5.3 Aggregate fiscal position of the States is as follows:

Item	2017-18 (FA)	2018-19 (RE)	2019-20 (BE)
	As % of GDP		
Revenue Deficit*	0.14	0.09	-0.01
Fiscal Deficit	2.40	2.94	2.60
Outstanding Debt and Other Liabilities	20.14	24.96	24.96

**(-) sign indicates revenue surplus.*
Source: RBI publication "State Finances: A Study of Budgets of 2019-20".

3. Public Finance Central Division

3.1 Public Finance (Central) Division is primarily engaged with all issues relating to the Central Plan of the Government of India. This Division is handled in two units:- Public Finance (Central-I) and Public Finance (Central-II).

3.2. This division is entrusted with the appraisal and approval of all public funded schemes and projects of the Central Ministries/PSUs. In respect of development schemes and projects, the focus has been on improving the quality of public expenditure though better scheme/ project formulation, emphasis on outputs, deliverables, impact assessment and convergence approach.

3.3. A continuous endeavour is made to rationalize the Centrally Sponsored Schemes (CSSs) and Central Sector Schemes (CSs) for optimal and focused use of public resources.

3.4. Various issues relating to Food, Fertilizers and Petroleum subsidy, including their quantification and extension of assistance to the stake holders are also dealt within this division. This Division is actively involved along with the concerned Department/Ministry, in shaping subsidy policy of the government as to ensure effective targeting coupled with minimum burden on the Government.

3.5. The PFC division also deals with various issues of Direct Benefit Transfer (DBT) in coordination with the DBT Mission, Aadhaar seeding of beneficiaries data base and use of the Public Financial Management System (PFMS) in order to have end to end digitized information on all central expenditures encompassing CSSs, CSs, subsidies and other expenditure.

3.6. It maintains the Swachh Bharat Kosh (SBK) to attract Corporate Social Responsibility (CSR) funds from corporate sector and contributions from individuals and philanthropists for achieving the objective of Clean India (Swachh Bharat) by the year 2020.

3.7. This division is responsible for preparation of outcome budgets for all Central Ministries/Departments in consultation with the NITI Aayog. This Output-Outcome Framework shall be for all CSSs, and CSs dealing with identified measurable outcome in the relevant medium term framework and physical and financial outputs are targeted on a year to year basis. A consolidated Outcome Budget 2019-20 was presented in the Parliament as a part of the Budget Documents of 2019-20.

3.8. During the period from 1st April, 2019 to 30th November, 2019, the Expenditure Finance Committee (EFC) chaired by Secretary (Expenditure) recommended 30 investment proposals/schemes of various Ministries/ Departments costing Rs.7,41,677.45 crore.

3.9. Also, during the period, Public investment Board (PIB) chaired by Secretary (Exp.) considered and recommended 5 proposals involving an amount of Rs. 10,039.62 crore.

3.10. In order to speed up the appraisal process, an online portal for uploading EFC/PIB/SFC/DIB proposals, marking proposals to relevant Ministries, receiving comments, fixing dates for the meetings and dispatching minutes after approval has been functional since August, 2017.

4. Public Procurement Division

4.1 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 for 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.

4.2 **Functions of PPD:**

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 thereunder;

(ii) Policies relating to Public Procurement including administration of General Financial Rules 2017 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.

4.3 **Central Public Procurement Portal & e-Procurement:**

(i) 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.

(ii) 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 procurement with estimated value of Rs 2.50 lakh or more in a phased manner. Use of e-procurement has enhanced transparency and accountability and made procurement more efficient. This also helps in monitoring delays and reducing the procurement cycle.

(iii) Currently, approximately more than one lakh tenders with estimated value of more than Rs.One Lakh crore are floated per month using facility of CPPP. Apart from it, many procurement organizations like Railways, PSUs like ONGC, BHEL etc. have their own e-procurement portals.

4.4 **Government e-Marketplace:**

For ensuring prompt payment to suppliers/ vendors of GeM who supply Goods/Services to the non-PFMS organisations/Agencies/entities (NPAE) through GeM, it has been decided that all NPAE who come on board on GeM shall open & operate a special purpose account namely GeM Pool Account.

4.5 **Capacity Building:**

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 and one week training programme on Advance Public Procurement are being conducted through Arun Jaitley National Institute of Financial Management (AJNIFM) 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 are being trained every year.

5. Official Language

5.1 Hindi Section of the Department of Expenditure is responsible for implementation of the provisions made under Official Language Act, 1963 and Official Language 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 day/week/fortnight. In addition to these, efforts for achieving annual targets set 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.

5.2 To increase original correspondence with other Offices/individuals in Hindi, circulars are issued to sections/divisions/offices from time to time. As per quarterly progress report for the quarter ended on September 30, 2019, original correspondence in Hindi with Region "A", "B" and "C" is 63.06%, 56.94% and 48% respectively.

5.3 Quarterly meetings of the Departmental Official Language Implementation Committee are being held regularly. Last meeting of the Committee was held on July 31, 2019. Discussions are held on quarterly progress reports received from various sections/divisions/offices of the Department. Quarterly Progress Reports regarding progressive use of Hindi received from sections/offices of the department are reviewed in detail keeping in view the targets prescribed in the Annual Program. Wherever shortcomings were found, it is advised to rectify/improve usage of Hindi in official work.

5.4 Replies of letters received from members of Parliament and other VIPs were promptly sent and follow up action ensured.

5.5 During the year 2019 "Hindi Fortnight" was organized in the Department from 02-15 September, 2019. During "Hindi Fortnight" various Hindi competitions were organized which included Hindi Essay Writing, Noting- Drafting, Official Language and General knowledge, Hindi Typing, Knowledge of Departmental Glossary, Hindi Dictation and Sulekh. In addition to these, a campaign was launched for undertaking more and more work in Hindi (minimum 2000 words) during the period from September 01 to 30, 2019. As many as 105 officers and employees took part in these competitions/campaign enthusiastically.

5.6: 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. Quality Hindi and English translation, as required of the documents including those received from the Office of the Finance Minister/MOS (Finance) was also rendered.

6. Integrated Finance Unit (IFU)

6.1 The Integrated Finance Unit works under Additional Secretary & Financial Adviser (Finance) and deals with the expenditure and Budget related proposals under Grant No.28 - Department of Expenditure which includes (i) Secretariat General Services covering the establishment budget for the Department of Expenditure (Main Secretariat), O/o Controller General of Accounts, O/o Central Pension Accounting Office, O/o Cost Accounts Branch and O/o Chief Controller of Accounts; (ii) Other Administrative Services covering the budget for Institute of Government Accounts and Finance, National

Institute for Financial Management, 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 O/o Public Financial Management System (PFMS).

6.2 This Unit also monitors the expenditure under Grant No.34 - Indian Audit & Accounts Department; and Grant No.37 - Pensions.

The allocations under the respective Grants are as under:

(₹ in crore)

Grant No.	Budget Estimates 2019-20			*Revised Estimates 2019-20		
	Revenue	Capital	**Total**	Revenue	Capital	**Total**
28 – Department of Expenditure	400.55	0.00	**400.55**	-	-	**-**
34 – Indian Audit & Accounts Department	5009.91	16.00	**5025.91**	-	-	**-**
37 – Pensions	49565.00	0.00	**49565.00**	-	-	**-**

* Yet to be received.

6.3 The Integrated Finance Unit expeditiously examines and disposes the financial and expenditure proposals pertaining to the Department of Expenditure including the proposals for appointment of consultants, deputation of officers abroad, payments towards Course Fees (including grants-in-aid) to Arun Jaitley National Institute of Financial Management etc duly observing austerity instructions issued by the Govt. from time to time.

6.4 The expenditure trend of Grant Nos.28, 34 and 37 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 monthly basis.

7. Chief Advisor Cost

7.1 Office of Chief Adviser Cost (CAC) is one of the divisions functioning in the Department of Expenditure, Ministry of Finance. This office advises the Ministries and Government Undertakings on cost accounts matters and undertakes cost investigation work on their behalf. It is staffed by Cost Accountants /Chartered Accountants.

7.2 Office of Chief Adviser Cost is dealing with matters relating to costing and pricing, studies for determining fair prices, studies on user charges, cost-benefit analysis of projects, studies on cost reduction, cost efficiency, profitability analysis and application of modern management tools devising cost and commercial financial accounting for Ministries/Departments of Government of India.

7.3 Office of Chief Adviser Cost is also cadre controlling office for the Indian Cost Accounts Service (ICoAS) and looks after recruitment, transfer/posting and timely promotions of ICoAS Officers. It also 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.

7.4 The profile of activities of the office of the Chief Adviser Cost broadly encompass i) Vetting of claims under Price Support Scheme, Market Intervention Scheme and Price Stabilisation Fund; ii) Determination / fixation of fair prices of the products and services supplied/rendered by PSUs to the Government. To name a few: Rails by SAIL, Traction Electric by BHEL, Bank Notes and Coins by SPMCIL, Uranium Concentrate by UCIL, Nuclear Grade Ammonium Diuranate by IREL, Tear Smoke Munitions, Tear Gas Gun, Multi Barrel Launcher by BSF, Storage charges payable by FCI to CWC, cost analysis of different procedures & test undertaken by Hospital (SreeChitraTirunal Institute for Medical Sciences and Technology) etc.; iii) Subsidy payable to Northern Railway for Catering Units functioning in Parliament House and PMO; iv) Representing in Revised Cost Committee of the various Ministries and Departments to identify the specific reasons behind time and cost overrun of projects and schemes; v) Participating in EFC/PIB and other Inter-Ministerial Committees; and vi) Examination of cost estimates, evaluation of the financial feasibility and other financial parameters of the High value Infrastructural Projects like Rail, Highways, Power, Education Sector etc. referred by DoE.

7.5. During the period, January to November 2019, 50 studies/reports were completed by the Office of Chief Adviser Cost. The studies completed during the year covers a wide spectrum of sectors/areas as detailed below:

- **System Study :** Fixation of Common Hourly Rates and Overhead Percentage in respect of Government of India Presses at Mayapuri, New Delhi Minto Road,and Temple Street, Kolkata for various years.
- **Fair selling price of products/service where Government/Public Sector Undertaking is the Producer/Service provider as well as the user:** Fixation of Fair Price of rails supplied by Steel Authority of India Ltd. (SAIL) from Bhilai Steel Plant to Indian Railways for the year 2017-18; Fixation of Rates of Compensation for nuclear grade ammonium diuranate(NGADU) supplied by Indian Rare Earths Limited to Bhabha Atomic Research Centre for the year 2015-16; Fixation of Fair Selling Price of the year 2017-18 in respect of Tear Gas Gun and Multi Barrel Launcher manufactured by CENWOSTO, BSF, Tekanpur Gwalior; Compensation payable to Uranium Corporation of India Ltd. (UCIL) for supplying Uranium Concentrate during the year 2017-18; Fixation of Fair Price of Condoms supplied by M/s HLL Lifecare Limited for the year 2015-16 & 2016-17; Fixation of Fair Selling Price of the year 2018-19 in respect of Tear Smoke Munitions (TSMs) manufactured by Tear Smoke Unit (TSU) BSF, Tekanpur Gwalior; Fixation of Fair Price of Coins supplied by India Govt. Mints at Kolkata, Hyderabad, Noida & Mumbai to RBI during the year 2015-16 & 2016-17 and by India Govt. Mint at Hyderabad for year 2017-18; Fixation of Currency Notes produced by Currency Note Press (CNP) at Nashik to RBI during the year 2015-16; Fixation of Fair Price of Bank Notes supplied by Bank Note Press (BNP) Dewas to RBI during the year 2016-17 & 2017-18; Vetting of Provisional Cost of Pulses transferred from Price Support Scheme to Price Stabilization Fund; Vetting of prices of Ayurvedic/ Unani Medicines supplied by M/s Indian Medicines Pharmaceutical Corporation Limited (IMPCL) for the pricing period 2015-16 & 2016-17; and Fixation of fair price of DDT 50% supplied by HIL to NVBDCP for the year 2016-17 and provisional price for the year 2017-18.
- **Fixation of service charges for the services rendered by a Govt. Department/Agency on behalf of the other :** Fixation of final prices of Traction electrics supplied by BHEL to Indian Railways during 2014-15.
- **Determination of subsidy:** Vetting of claims of NAFED for reimbursement of losses and recovery of Gains under Price Support Scheme (PSS) for various crops/commodities; and Subsidy payable to Northern Railway catering units functioning in Parliament House Complex and PMO for the year 2017-18.
- **User Charges** : Revision of rentals for Siri Fort Auditorium Complex for the F.Y 2019-20; and Fixation of cost price for Catering Services to lock-in Staff of Budget Division during Union Budget 2020.
- **Other studies :**Revaluation of compensation payable to the prior allottee of Coal Blocks for 'Mine Infrastructure Other than Land' for various coal blocks.

7.6 **Revised Cost Estimates Committees Represented**: In pursuance of Ministry of Finance, Department of Expenditure's Office Memorandum No.24(35)/PF-II/2012 dated 05th August, 2016 of Office of Chief Adviser Cost has represented in the Committees for Revision of Cost Estimates in various Ministries/ Departments. Proactive role of this Office in the Revised Cost Committee has facilitated rationalisation of revised cost estimates.

7.7. **Other Major Committees Represented**: Officers of Chief Adviser Cost Office owing to their expertise in costing/finance/commercial accounting have also served as Chairman/Members on the following major multi-disciplinary Inter-Ministerial/Expert Committees such as National Pharmaceutical Pricing Authority (NPPA), Department of Pharmaceuticals; Board of Governors and the society of the Arun Jaitley National Institute of Financial Management (AJNIFM) , Faridabad; Governing Body of Tear Smoke Unit, BSF, Tekanpur, (Gwalior); Committee on "Modernization of Costing System in India Post" in Department of Post, Ministry of Communications; Advisory Committee for consideration of techno-economic viability of major/medium, flood control and multipurpose projects, coordinated by Central Water Commission; M/o Water Resources, RD&GR - Special Committee for Interlinking of Rivers; Standing Committee of Experts under Drugs (Prices Control) Order 2013; Rate Structure Committee of Ministry of Information and Broadcasting for Bureau of Outreach and Communication advertisement rates for (1) Print Media (2) Private FM Radio Stations, (3) Private C&S TV Channels & (4) Social Media; Committee on revisiting of rentals of land, building and tower infrastructure of PrasarBharati (PB) shared with Private FM radio broadcasters under FM Radio Phase-III- M/o Information & Broadcasting; and EFC/PIB meetings in Ministry of Finance, Department of Expenditure for Projects/ Schemes of various Ministries as per the request received in this Office.

8. Arun Jaitley National Institute of Financial Management (AJNIFM)

8.1 **Introduction about AJNIFM**

8.1.1 AJNIFM was set up in 1993 as a Society. The Union Finance Minister is the President of the AJNIFM Society and Secretary (Expenditure) is the Chairman of the Board of Governors.

8.1.2 The institute was set up with the core objective of training Officer Trainees (Probationers) of the six organised accounts and finance services. However, over the years, the Institute has expended its activities with the addition of four long term programs and a dynamic repertoire of short-term programmes. A brief of some of the programmes is given below. In the process, AJNIFM has been able to carve a unique identity for itself as a premier Institute of Ministry of Finance in professionalizing Public Financial Management.

8.2 **Key achievements**: AJNIFM is among the few autonomous bodies that have become financially self-sufficient. From the year 2017-18 onwards no grant-in-aid has been taken from the Administrative Ministry. Yet the Institute posted a surplus of Rs.1.99 Cr in year 2017-18 and Rs.5.75 Cr in year 2018-19. In year 2019-20 also the Institute expects to have a clear surplus of revenue over expenditure, with zero grant.

8.3 **Training Programmes**

8.3.1 Training programmes being run by AJNIFM are well received and more and more work is being assigned to the Institute. The vision is to make AJNIFM a premier research and training institution as well as a think-tank in Public Financial Management through its research contribution in all areas of fiscal management, public expenditure and policy issues, both at the Central and the State-Level.

Long Term Programmes

AJNIFM conducts the following long term programmes. These are :-

a. Professional Training Course for Officer Trainees of various Accounts and Finance Services (six months duration).

b. A two-year AICTE approved Post-Graduate Diploma in Financial Management for mid-level officers of Central and State Governments and the Armed Forces.

c. PGDM (Financial Markets): This is a recent program on Financial Markets and attracts participants primarily from the private sector. Till last year this was a one year course. From year 2019-20 onwards it is being run as a two-year course.

d. DGAIA (Diploma in Government Accounts and Internal Audit): A one-year programme to upgrade the technical skills of Group-B officers of the Civil Accounts Department.

e. Fellow Programme in Management: This is AJNIFM's programme of four years' duration to pursue research work and to produce competent researchers, teachers and consultants. This programme is approved by All India Council for Technical Education (AICTE) and was launched by AJNIFM with the commencement of the academic session of 2009.

Short Term Programmes/Management Development Programmes (MDPs)

Apart from its regular long term programmes, AJNIFM undertakes short term training programmes on various aspects of Finance and Public Financial Management as also procurement. Participants include government officials from the States and the Central, autonomous bodies, PSUs, Armed forces, university and college teachers, and specially tailored to the needs of the participants. The approach is multi-pronged.

Some key areas in which we have conducted MDPs are as below :

- Of the 47 MDPs on Public Procurement scheduled to be held this year , AJNIFM has already done 29, of which a few were Advanced Procurement Courses. In the current year a new course on Arbitration has also been started. It has drawn a good response.
- Another new initiative, at the behest of the DEA, is a course on Cash and Debt Management, with participants from State Governments. This has also received excellent feedback.
- Mid/career training programmes have been run for the Indian Cost Accounts Service as also the Indian Civil Accounts Service.

- In the light of the success of the professional training program for Financial Advisers in the various Ministries of GOI, conducted last year, the program is being continued this year as well. One batch has already been trained.
- A course of Project and Risk Management for 25 participants from various ITEC countries was successfully carried out at the behest of MEA.
- The DEA - AJNIFM Research Programme is proceeding smoothly. Of the work delineated for AJNIFM, final reports for four of the seven deliverables have already been submitted to DEA and for three areas draft reports have been handed in. Once the comments of the DEA are available, these three would also be finalized and handed in. The programme was recently reviewed by Secretary, DEA and his team.

8.4 **Mechanism for measuring outcomes:** A ready measure for AJNIFM is (a) number of persons trained and (b) revenues earned. Since year 2017-18 AJNIFM has not been receiving any grant whatsoever from the Ministry. This has continued in year 2019-20 as well.

8.5 **Initiatives taken with reference to the Northeast region:** The programmes run by AJNIFM draw participants from all over the country, including the Northeast.

8.6 **Initiatives undertaken for Disabled/ Handicapped and SC/ST as well as other weaker sections of Society** : The AJNIFM campus is disabled friendly and any grievances received in respect of weaker sections are duly addressed to.

8.7 **Gender Budgeting and Empowerment of Women**

8.7.1 Arun Jaitley National Institute of Financial Management has been designated as the Central Nodal Centre for Gender Budgeting by the Ministry of Women and Child Development for training on capacity building and research work. Gender Budgeting is a methodology which encompasses a gender perspective and sensitivity at all levels of development planning and implementation. AJNIFM has an ongoing MOU with UN Women, for taking concrete steps in advocacy and training of various stake holders for preparation of gender budgeting.

8.7.2 For long term courses such as the PTC and the DGA&IA, as well as short term courses, sessions on Gender Budgeting are invariably included in the course content. This is so as to introduce trainee officers to the importance of Gender Budgeting as an emerging concepts and tools towards women empowerment and inclusion of marginalized sections in the national mainstream.

8.8 **Inputs on E-governance**

8.8.1 **Dissemination of knowledge on new initiatives of the Government**: Whenever there are new initiatives of the Central Government, AJNIFM has been mandated to launch special training drives to cover all Government entities. In fulfilment of this mandate, AJNIFM has run several training programmes on **GeM.**

8.8.2 **Digital Governance**: AJNIFM is a partner Institute under NeGD, and is successfully delivering capacity building and training programmes in e-Governance for all cadres of Government officials.

9. Controller General of Accounts

9.1 The Controller General of Accounts (CGA), in the Department of Expenditure, Ministry of Finance, is the Authority to administer, manage and supervise departmentalized accounts of Government of India. It also provides advice to various Ministries/Departments of Government of India concerning Financial/Accounting matters and is responsible for establishing and maintaining a technically sound Payment and Accounting System.

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

9.3 **Functions** : Formulate policies relating to general principles, form and procedure of accounting for the Central and State Governments ; Administer the process of payments, receipts and accounting in Central Civil Ministries /Departments; Prepare, consolidate and submit the monthly and annual accounts of the Central Government through a robust financial reporting 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; and Establish a sound Human Resource Management System for recruitment, deployment and improve the career profile management of officers and staff, both at the supervisory level and at the operational level within the Indian Civil Accounts Service.

9.4 **Financial Reporting** - **Monthly and Annual**:-The office of the Controller General of Accounts is responsible for Monthly Consolidation of the Union Government

Accounts. A detailed analysis of the monthly trends of receipts, payments, deficit and its sources of financing is presented to the Union Finance Minister every month. The document has over a period of time evolved into an extremely useful tool for monitoring budgetary compliance and a handy MIS reference for decision making. In consonance with the Government's policy towards transparency in public functioning, an abstract of the Union Government accounts is released every month in compliance to India's agreement on SDDS protocol. The data can be accessed on the website **http://www.cga.nic.in**; This office is leveraging technology to provide flash figures of receipts, payments, and deficit to Ministry of Finance as a tool for quick management decision making. Daily flash figures are provided in the month of March, to enable monitoring of various financial parameters and targets; In tune with the development in best practices, CGA's office also prepares Provisional Accounts of the Government of India within two months of completion of the financial year. This year has witnessed 25th anniversary of publication of provisional Accounts; The Finance Accounts of the Union Government is submitted to Parliament under the provision of Article 151 of the Constitution of India; and The Finance Accounts of the Central Government comprises of the accounts of the Central Government as a whole and includes transactions of Civil Ministries/ Departments, Ministries of Defence and Railways and the Departments of Posts & Telecommunication. It presents the accounts of receipts and outflows of the Central Government for the year together with the financial results disclosed by different accounts and other data coming under examination. These accounts include the Revenue and Capital Account, Public Debt account and other liabilities and assets worked out from the balances in the accounts. It is supplemented by the accounts separately presented in the form of Appropriation Accounts for Grants and charged Appropriations.

9.5 **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. PFMS aims to provide a sound Public Financial Management System for Government of India by establishing a comprehensive payment, receipt and accounting network. It is aimed to achieve (i) "Just in time" transfer of funds and (ii) complete tracking of realization of funds from its release to its credit into the bank account of intended beneficiaries. PFMS makes a direct and significant contribution to the Digital India Initiative of Government of India by enabling electronic payment and receipt for Ministries/Departments in Government of India. Presently, DBT payments in around 450 schemes including State schemes, are being made through PFMS. Almost all the CS & CSS Schemes are on PFMS and all the major banks including RBI are interfaced with PFMS. A status report upto November, 2019 is as below:-

1	Total no. of Schemes on boarded on PFMS	1198
2	Total no. of Agencies Registered on PFMS	29,88,511
3	**04 Major DBT Schemes**	
	MGNREGA No. of Transactions Amount Paid	 29,51,42,219 47,192.61 Cr.
	PM-KISAN No. of Transactions Amount Paid	 15,14,46,529 30,289.39 Cr.
	NHM No. of Transactions Amount Paid	 1,25,41,090 1,938.75 Cr.
	Food Subsidy No. of Transactions Amount Paid	 16,60,471 188.91 Cr.
4	**DBT (in which payment made)**	
	No. of Schemes	452
	Total no. of Transactions	62,87,50,795
	Amount Paid	1,57,528.77 Cr.
Treasury Integration:- Treasury systems of 29 States and 2 UTs with legislature have been interfaced with PFMS. However, mapping of state schemes as per restructured CSS has to be completed. (UTs without legislature are not being integrated).		

9.6 Internal Audit

9.6.1 As per the provisions of the Chapter VII of the Inspection Code, Internal Audit Division (IAD) set up in the office of Controller General of Accounts provides guidance and support to Internal Audit Wings of Civil Ministries to maintain the requisite technical standards of accounting in the Departmentalized Accounting Offices. This Division is structured in three sections i.e. i) Centre of Excellence ii) Planning & Coordination and iii) Inspection Wing; meant to upgrade the knowledge, adequate planning and execution of the programs respectively. The O/o CGA promotes and encourages application of best audit practices which are in line with the International Standards such as Risk based Audit, Gender based Audit, Programme specific/Scheme specific audits.

9.6.2 Risk Based Auditing approach is being encouraged by the office of the Controller General of Accounts so as to focus on the organizational response to the risks it faces in achieving its goals and objectives. The context for audits is thus provided by the Department's objectives, the associated risks and the risk management process rather than on "controls" and deviations there-from. The role of the internal auditor too shifts from an examination of compliance with controls to a review of the risk management process. A pragmatic approach requires that internal audit in conjunction with management undertakes the risk assessment exercise and accordingly draws up its audit plan. Several circulars and publications laying down the principles and guidance have been issued.

9.6.3 During the period from 01.04.2019 to 30.11.2019, the Internal Audit Division has conducted audit of 33 units based on risk based control points, against the target of 35 units. Apart from this, I.T audit of 16 PAOs of five Ministries and 03 special audits have been conducted till the end of November 2019. 10 more units are planned for audit during fourth quarter of 2019-20.

9.6.4 The Internal Audit Division at CGA's office provides guidance to enhance the quality of internal audit in the Civil Ministries/Departments. Ministries/ Departments prepare Annual Review Reports on the performance of their Internal Audit Wings, which are analyzed and summarized by the Internal Audit Division of CGA for the purpose of consistency and ease of presentation. A consolidated "Annual Review" on the performance of Internal Audit Wings and an "Annual Review At a Glance" are prepared and submitted to Secretary (Expenditure) and Addl. Secretary (Pers) respectively. The annual review also provides the details of units audited and indicates the status of outstanding internal audit paras at the end of financial year. The summarized information regarding outstanding audit paras and units audited by the Internal Audit Wings of line Ministries/Departments is as under:

Outstanding Internal Audit Paras:

Financial Year	Opening Balance (As on 01.04.2018)	Paras raised during the year	Paras dropped during the year	Closing Balance (As on 31.3.2019)
2018-19	1,13,317	28,187	35,777	1,05,727

Units audited during 2018-19:

Units due	Target for 2018-19	Units audited	Achievement	Remarks
6293	2237	1623	73%	Staffing constraints was the main challenge in achieving 100% target.

9.7 Monitoring Cell

9.7.1 Monitoring Cell, O/o CGA, D/o Expenditure, Ministry of Finance is entrusted with the work of co-ordination of timely submission of Action Taken Notes (ATNs) on C&AG paras, Action Taken Replies (ATRs) on PAC paras and Explanatory Notes (ENs) on excess expenditure and savings of Rs. 100 crore and above as per direction of Public Accounts Committee. Submission of Action Taken Notes/Action Taken Replies and Explanatory Notes is being done through the upgraded version of Audit Paras Monitoring System portal, which facilitates online submission and helps avoid scanning or physical submission of ATNs/ATRs/ENs.

9.7.2 The number of CAG Audit paras/PAC paras/ Explanatory Notes that have been submitted/settled through the APMS portal to the Lok Sabha (PAC Branch) during 2019-20 are as under:-

S.No.	Subject	Paras submitted to Lok Sabha Secretariat During 01.04.2019 to 30.11.2019.
1.	C&AG audit paras	128
2.	PAC paras	117
3.	Explanatory Notes	29

9.8 I T Initiatives

9.8.1 The Office of the Controller General of Accounts leverages Information Technology for developing robust, reliable, speedy financial payment, accounting, reporting and reconciliation processes for seamless flow of information from the executing level to the policy making level.

9.8.2 In order to ensure implementation of projects in line with the OM issued vide No. 49(7)/PF-I/2014 Dated 02nd December 2014 by Plan Finance Division of the Department of Expenditure regarding Digitization and reconciliation in Government Accounts and Integration of PFMS with various standalone systems of receipts and payments, the conceptualization, development, testing and implementation has started for different software applications for use not only by the Civil Accounts Organization, but also stakeholders across the Ministries/ Departments as well as the common public.

9.8.3 **Present Initiatives**: In addition to the already developed and implemented software applications, like the Modules of Pay & Accounts Office (in 556 out of 710 current PAOs including Revenue PAOs and Delhi Govt. PAOs), Cheque Drawing and Disbursing offices (in 1348 out of 1148 current CDDOs to be on boarded), Employees Information System (in 5832 out of 9400 current Salary processing DDOs), Non-Tax Receipt Portal (374 PAOs currently having Non-Tax Receipts), Integration of PFMS with external software systems, wherever required etc., the new software utilities on PFMS platform are also in hand and at different stages of development and to be rolled out on successful testing, pilot implementation etc.

9.8.4 **Debit & Credit Cards of International Banks for remittances to Government/NTRP**: The one stop services of Non-Tax Receipt Portal (NTRP), which facilitates remittance of money into the Government Account as a 24X7 online electronic service using internet based payment technologies to the users through the web based portal is being scaled up for usage of Debit and Credit Cards of International banks in addition to the existing Nationalised Banks. This is envisaged to facilitate easy international remittances to the Government of India for goods and services being rendered by the Ministries/ Departments and offices under them across countries. This will not only be a promotional avenue for ease of business to the multinational stakeholders, but also improve existing procedures in international payments for Visa Fee and other travel and tour related expenditure by tourists visiting India.

9.8.5 **Future Initiatives**

9.8.5.1 Employees Pay Roll System (EPS): A comprehensive Employees Pay Roll System covering employee related activity in Central Government to complement the HRMIS developed by the Department has been conceptualized and its development is underway in the O/o Controller General of Accounts. A significant feature of this application is the unique employee ID. Unique employee ID to be retained throughout the service of the employee to help tracking in the system irrespective of the Ministries/Department he/she serves.

9.8.5.2 Treasury Single Account (TSA) through Letter of Credit Mode. is an initiative for efficient management and control of Government's cash resources using Government banking arrangements. This will also result in implementation of a recommendation of the Expenditure Management Commission (EMC) to minimize the cost of Government borrowings and to enhance efficiency in fund flows to Autonomous Bodies.

9.8.5.3 Pension Payments-Centralized online Pension Processing System: The system developed and implemented in the Civil Ministries/Departments of Government of India facilitates not only the retiring employees to ensure their pension processing and receiving the retirement benefits on due date, but also the entire stakeholders beginning from the Pension initiating Department to the Pension disbursing public sector bank to integrate at appropriate levels in the cycle.

9.8.5.4 **Main Features**

- Automated exchange of data with Bhavishya software of Department of Administrative Reforms & Public Grievances (DPARG).
- Generation of Digitally Signed Pension Payment Order (e-PPO)
- Automated transmission of e-PPO along with allied documents to Central Pension Accounting Office (CPAO)
- Generation of various payments authorities and Reports
- Integration with PFMS-Sanction Module for Payments
- Intimation to Retiree/Pensioner via SMS

9.9 **Institute of Government Accounts And Finance**

9.9.1 The Institute of Government Accounts & Finance (INGAF) is the training arm of the Controller General of Accounts, Government of India. Initially known as the Staff Training Institute, it was set up in February, 1992 to train personnel in specific areas of accounting, administrative matters and financial management. In the years following its inception, the Institute has evolved to become a premier training centre in the sphere of Government Accounting and Public Financial Management. The Institute has Regional Training Centers (RTCs) at Chennai, Kolkata, Aizwal and Mumbai.

9.9.2 **Future Initiatives**

1. To set up INGAF as a premier institute for training of Gr. "A" & Gr. "B" Officers of departmentalised Accounting Organisations.
2. To provide need based training, on various new technologies developed by CGA organisation, to states and other organisation.

9.9.3 **International Cooperation**

INGAF is a premier institute in the field of imparting training to participants from countries under ITEC programme in collaboration with Ministry of External Affairs. Besides this, the participants of Sri Lanka Institute of Development Administration (SLIDA), Sri Lanka have been trained at INGAF on several occasions on Public Financial Management. In addition, several programmes on Public Expenditure Management/Public Financial Management as well as Internal Audit/Risk Audit have regularly been conducted for the participants from Royal Government of Bhutan, the Governments of Afghanistan, and Nepal.

INGAF has been functioning as the Secretariat for The Association of Government Accounts Organization of Asia (AGAOA) since November 2007. The purpose of AGAOA is to promote 'professional understanding and technical cooperation among member institutions through exchange of ideas and experiences in the fields covered by Government Accounts Organization to ensure transparency, accountability, and good governance'.

INGAF has been nominated as the nodal institute for providing training to officers and officials of Central Government, State Governments, implementing agencies, and banks on various aspects, modules, and operational management of PFMS. Over the last four years (2015-16 to 2018-19), this Institute has trained participants in various modules of PFMS. To accelerate the rollout of PFMS, more than 10,000 participants have been trained in use of various PFMS modules. In line with digital policy of Government of India a series of training videos on various modules of PFMS are being produced for enhancing outreach and access to multiple stakeholders.

10. Chief Controller of Accounts

10.1 The Chief Controller of Accounts (CCA) is in overall charge of the payment and accounting set up of the Ministry, supported by three Controller of Accounts, one Deputy Controller of Accounts, two Assistant Controller of Accounts, 37 Senior Accounts Officers and approximately 300 other staff members at various levels.

10.2 **Function of the CCA organisation**

- Budget related works for five Grants of Department of Economic Affairs, Department of Financial Services, Department of Expenditure, Department of Revenue and Department of Investment and Public Asset Management are integrated with O/o CCA.
- CCA oversees the payments and accounting functions of five Departments in Ministry of Finance viz., Department of Economic Affairs, Department of Expenditure, Department of Revenue, Department of Investment and Public Asset Management and Department of Financial Services.
- Another important function of the CCA is financial reporting to Chief Accounting Authority (i.e. the Secretary of the respective Department) and to the Controller General of Accounts. The monthly accounts and annual accounts of five Departments which comprise 8 Demands/ Appropriation of the Ministry of Finance are sent to the office of the Controller General of Accounts for consolidation into the accounts of Government of India.
- The Scheme of Departmentalization of Accounts envisaged a system of management accounts. CCA prepares monthly and quarterly reviews of receipt and expenditure for the information of the Secretaries of the Departments. The summary statements are also uploaded on the Ministry's official website.
- Internal Audit is the responsibility of the CCA. In the Ministry of Finance, the Internal Audit Wing also undertakes the audit of all DDOs, attached and subordinate offices including Banks handling Government Schemes such as Public Provident

Fund, Special Deposit Schemes; and Senior Citizen Savings Scheme. There are about 132 DDOs within the jurisdiction of internal audit.

- Providing support staff to Controller of Aid Accounts and Audit (CAAA).
- Pension authorization under the Pension Rules to the officials retiring on superannuation, seeking voluntary retirement and to the families of deceased employees/pensioners.
- Pension payment to foreign pensioners residing in India on behalf of Sri Lanka, Singapore, UK and Burma.
- Accounting and monitoring of Loans advanced to foreign countries.
- Accounting of total receipts and payments in the entire central Government under the CGEGIS (Central Government Employees Group Insurance Scheme) and calculation & accounting of interest liability of GOI under both the savings fund and Insurance fund components of this scheme.
- Oversee the settlement of C&AG audit Para.
- Responsible for transfer of funds to and from CFI to Public Account. There are 14 such Funds in the Department of Economic Affairs, 2 in Department of Revenue, and one in Department of Expenditure.
- Formulation of detailed Accounting procedures in respect of the Funds maintained under Public Account of India.
- Settlement of the cases relating to combined pension, pro-rata pension, leave encashment, leave salary and pension contributions, revision of pre-2016 pension cases etc. of the absorbed employees of SPMCIL, after the corporatization of Mints and Presses, in coordination with the Corporate office of SPMCIL, field units and the administrative division in the Ministry.

10.3 **Highlights of important functions**

10.3.1 ***Internal debt accounting and reporting:***

a. Issue of New Loans bringing into account all transactions connected with the issue of New Loans on the basis of detailed information supplied by the Reserve Bank of India.

b. Accounting of the discharged loans which inter-alia involves the reconciliation of loan balances as in the books of this office with those of the Reserve Bank of India and to prepare a Statement (14A) & further submitted to Finance Account Section, CGA Office. Accounting of Buyback of Government Securities raised by Government of India.

c. Compilation of Consolidated Abstract of Rupee Loans (Transaction connected with the loans dealt with in Internal Debt & Account Section are also brought to account through this abstract.

d. Accounting of Securities, shares etc., purchased or otherwise acquired held in the Cash Balances; Interest or dividend thereon.

e. Watching the timely payment of principal and payment of interest in respect of all loans mentioned here.

f. Accounting of all securities issued to International Financial Institution like International Monetary Fund, International Bank for Reconstruction and Development etc.

g. Accounting of Special Government of India Securities issued against investment made by National Small Saving Fund (NSSF).

h. Accounting of Special Govt. of India Securities/ Bonds issued to Nationalized Banks Special Government of India Bonds issued to Oil companies, FCI, Fertilizer Companies and Special Securities issue against Securitization of balances under Postal life Insurance which are kept under Public Account.

i. Accounting of different Saving Schemes of Government of India

j. Preparation of the Quarterly and Annual Statement of Internal Debt balances for submission to the Finance Accounts Section of the Controller General of Accounts.

k. Watching the timely payment of Principal and payment of interest in respect of all Securities, Loans, Special Securities, Compensation & Other Bonds etc. and further reconciliation with Quarterly Statement received from DGBA. Central office, Mumbai.

l. Reconciliation of all Treasury Bills & Cash Management Bills with Monthly and Quarterly Statement received from Public Debt Office, Mumbai and DGBA, Central Office, Mumbai.

m. Calculation of Average Rate of Interest chargeable on the Capital Outlay of the Central Government.

10.3.2 **Monitoring system for transfer of funds from the Ministry of Finance to State Governments**

a. Under the system of Public Financial Management System (PFMS), under the aegis of CGA, scheme wise plan funds released to the states are visible on the PFMS portal. Under this system, the sanctions are received from PF I Division on the "OCEAN" portal. Those sanctions are accepted and settled on the OCEAN portal from where the data get transmitted to Public Financial Management system (PFMS) Portal.

b. The sanctions (in hard copies) are received from various departments including Public Finance State I (PFS-I) Division. The sanctions are processed in the PFMS portal. The Inter Government Advices (IGA) are generated and faxed to RBI, Nagpur in respect of 28 States. IGA advice in respect of State Government of Sikkim and Delhi are sent to RBI, Delhi by special messenger.

c. Grants-in-aid amounting to Rs.173465.42 crore were released to state government through PFMS portal.

d. During the Financial Year 2019-20 (up to 25.11.2019) Rs.16893.4732 crore worth loans (Block loans & Back to Back Loans) were released to state govt.

e. The time gap between the processing of sanctions to the job of e-Lekha for PFMS portal has been reduced to one day and thus it has brought up the work closer to the real time basis.

f. In the case of any default made by State Government in making repayment of Principal and Interest, the Consolidated Fund of State maintained by RBI is debited on the advice of this office.

10.3.3 Details of Loans advance to States during 2019-20

(upto 25th November 2019)

(Rs. in Crore)

S. No.	Name of States	Opening Balance as on 01.01.2019	Closing Balance as on 31.03.2019	Total Loan given w.e.f. 01.04.2019 to 25.11.2019	Principal repaid upto25th Nov. 2019.	Interest repaid upto25th Nov. 2019.	Closing Balance upto 25th Nov. 2019.
	1	2	3	4	5	6	(3+4-5)
1	Andhra Pradesh	10144.64	10185.77	1465.83	307.12	118.01	11344.48
2	Arunachal Pradesh	164.56	136.59	0	14.48	6.36	122.11
3	Assam	1151.93	1116.57	67.43	87.07	55.55	1096.93
4	Bihar	11555.75	11773.71	810.24	276.14	110.71	12307.81
5	Chhattisgarh	2760.93	2702.43	119.52	96.52	53.05	2725.43
6	Goa	1073.89	1043.79	24.17	15.01	7.87	1052.95
7	Gujarat	7127.92	7408.17	205.11	392.08	179.32	7221.2
8	Haryana	2075.49	2023.25	79.73	73.69	35.97	2029.29
9	Himachal Pradesh	1066.62	1058.43	49.51	52.78	50.95	1055.16
10	Jammu & Kashmir	942.88	914.35	4.47	70.69	43.77	848.13
11	Jharkhand	2342.77	2329.85	328.31	82.33	43.96	2575.83
12	Karnataka	14770.59	14628.74	438.55	412.7	247.95	14654.59
13	Kerala	7363.6	7227.93	1977.71	203.27	108.97	9002.37
14	Madhya Pradesh	16905.51	17358.44	3486.55	367.97	219.73	20477.02
15	Maharashtra	6710.46	6448.78	740.14	311.83	164.61	6877.09
16	Manipur	292.03	279.25	6.81	25.55	11.73	260.51
17	Meghalaya	167.91	162.18	12.32	11.72	7.86	162.78
18	Mizoram	200.74	196.57	8.9	13.17	9.8	192.3
19	Nagaland	106.4	99.96	4.23	11.62	4.73	92.57
20	Orissa	7813.41	7801.82	647.23	286.45	103.85	8162.6
21	Punjab	4975.58	4937.48	68.3	106.64	47.31	4899.14
22	Rajasthan	13806.18	13886.69	3741.56	303.76	158.5	17324.49
23	Sikkim	95.96	93.79	0.39	5.27	4.54	88.91
24	Telangana	8243.77	8214.3	146.29	219.49	84.53	8141.1
25	Tamil Nadu	16651.28	17213.3	1083.76	251.87	129.91	18045.19
26	Tripura	178.48	168.61	0.06	17.18	8.12	151.49
27	Uttarakhand	787.52	779.46	48.43	27.97	39.87	799.92
28	Uttar Pradesh	12307.19	11891.17	648.8	804	349.62	11735.97
29	West Bengal	14313.83	14145.2	679.1	401.59	312.76	14422.71
	Total	**166097.82**	**166226.58**	**16893.45**	**5249.96**	**2719.91**	**177870.07**

10.3.4 **Details of Grants in Aid to States released by Department of Expenditure during 2019-20**

(w.e.f. 01.04.2019 - 25.11.2019)

(Rs. in Crore)

S. No.	Name of States	Grants
1	Andhra Pradesh	2583.85
2	Arunachal Pradesh	28.35
3	Assam	3052.59
4	Bihar	7343.99
5	Chhattisgarh	854.57
6	Goa	83.55
7	Gujarat	4719.24
8	Haryana	1865.49
9	Himachal Pradesh	6627.45
10	Jammu & Kashmir	10087.85
11	Jharkhand	2988.85
12	Karnataka	6411.36
13	Kerala	1819.71
14	Madhya Pradesh	6468.89
15	Maharashtra	11347.92
16	Manipur	1387.18
17	Meghalaya	123.51
18	Mizoram	1909.47
19	Nagaland	2836.81
20	Orissa	6286.22
21	Punjab	940.35
22	Rajasthan	7458.35
23	Sikkim	62.92
24	Telangana	1464.92
25	Tamil Nadu	1917.41
26	Tripura	754.96
27	Uttarakhand	947.06
28	Uttar Pradesh	11429.27
29	West Bengal	4412.84
	TOTAL	108214.93

Grants in Aid to States/UTs by Department of Revenue
(Compensation to State Government for Revenue **Rs. 65250.49 (crore)**
Loss due to phasing out the Goods & Services Tax (GST)

Total Grant in aid released to state Rs. 173465.42/- crore

10.3.5 **Balance under important component of internal Debt (including Major Small Saving & Special Deposits)**

S.N.	Name of scheme	Balance as on 01.01.2018	Net addition Jan 18 to Dec -18	Balance as on 01.01.2019	Net addition Jan 19 to October 2019	Balance as on 31.10.2019
	2					
		(Rs. In Crore)				
A	**Internal Debt**					
1	Market Loan	5025476	366496	5391972	503744	5895716
2	Special Securities issued to International Institutions	104124	-4487	99637	2099	101736
3	Compensation and Other Bonds	40933	5514	46447	2583	49030
4	14 day Treasury Bills	149602	-8226	141376	-31121	110255
5	91 day Treasury Bills	207464	-28753	178711	8711	187422
6	182 day Treasury Bills	73845	64419	138264	8769	147033
7	364 day Treasury Bills	134989	82107	217096	-14306	202790
8	Special Securities issued against National Small Saving Fund	430568	97967	528535	159676	688211
9	Marketable Securities issued in conversion of Special Securities	59818	-12130	47688	-7000	40688
10	Special Security issued against PLI Fund	20894	0	20894	0	20894
11	Sovereign Gold Bond Scheme, 2015	6548	576	7124	1585	8709
12	Gold Monetisation Scheme,2015		2450	2450	446	2896
13	Special Securities issued to Public Sector Banks	0	131533	131533	110224	241757
14	Special Securities issued to EXIM Banks			0	4500	4500
15	Special Securities issued to IDBI Banks			0	4557	4557
A	**Total Internal Debt**	**6254261**	**697466**	**6951727**	**754467**	**7706194**
B	**Major Small Savings Schemes**					
1	Balances under Senior Citizen Saving Scheme 2004 (collection through Bank only)	**47706**	**25426**	73132	29345	102477
2	Sukanya Samriddhi Account	**5856**	**4629**	10485	5652	16137

3	Collection of fund under PPF – 1968 Scheme (collection through bank only)	**385994**	**58146**	444140	64132	508272
	Total Major Small Savings Scheme	**439556**	**88201**	**527757**	**99129**	**626886**
C	**Special Deposits and Accounts**					
1	Balances under Special Deposit Superannuation and Gratuity Fund - 1975	**102717**	**-556**	102161	-374	101787
2	Special Securities issued to Nationalised Banks	**9996**		9996		9996
3	Petroleum Bonds 10.5% Oil Company G.O.I.S.B. 2006	**130923**		130923		130923
4	Special Securities issued to Stressed Assets Stabilisation Fund	**4346**	**-120**	4226	-110	4116
5	Special Securities issued to FCI	**16200**		16200		16200
6	Special Securities issued to Fertilizers Companies as Compensation towards Fertilizer Subsidy	**15705**		15705		15705
7	Special Securities issued to REC/UTI/IDBI & others	**1627**	**204**	1831	163	1994
C	**Total Special Deposits and Accounts**	**281514**	**-472**	**281042**	**-321**	**280721**
	TOTAL (A+B+C)	**6975331**	**785195**	**7760526**	**853275**	**8613801**

10.3.6 **Internal Audit**

a. The Revised Charter of Financial Advisors released by the Ministry of Finance envisages the Roles and Responsibilities of the Chief Controller of Accounts. Accordingly, Internal Audit functions under the control and supervision of the CCA focuses on the Audit of all DDOs attached and subordinate offices including Banks handling Government Schemes such as Public Provident Fund, Special Deposit Scheme and Senior Citizen Deposit Scheme. This involves appraisal, monitoring and evaluation of individual scheme,assessment of adequacy and effectiveness of internal controls in general, and soundness of financial systems and reliability of financial and accounting reports in particular. Identification and monitoring of risk factors (including those contained in the Outcome Budget). During the year 2019-20, Audits of 34 units were conducted up-to 26.11.2019 and 8 more units will be audited upto 31.03.2020.

b. The penal interest is levied on all remittances, which are not credited to Government Account at Central Accounts Section RBI, Nagpur within the prescribed time limits i.e. T+1 day(excluding holiday) for public sector banks and T+1 day (including holidays for private banks). Banks are liable to pay penal interest for the entire period commencing from the date of receipt at receiving Branch of the Bank to the date of settlement with RBI(CAS) Nagpur.

10.3.7 **Achievements**

1) Enrolment of N.S.I. and Indian Economic Service into Employee Information System (EIS).

2) Recovery of outstanding Penal Interest from Banks

Audit of the banks handling PPF-1968 & SCSS-2004 scheme is conducted by Office of CCA (Finance) to check whether all banks are depositing the collections pertaining to PPF & SCSS Schemes in CAS, Nagpur within prescribed time limit. If banks are not following the time limit, penalty is levied on them, "In case of delays beyond the permissible period (i.e. within T+1 days including holidays for private sector banks and excluding holidays for public sector banks), the penalty payable by accredited banks on such delayed remittances shall be the applicable rate of interest payable to the depositor plus 0.5% in case of delays upto 30 days and plus 1% in case of delays beyond 30 days."

Details of Delayed Penal Interest of all the Banks regarding PPF and SCSS (as on 27/11/2019)

(Amount in Rs.)

	PPF	SCSS	Total
Outstanding as on 31/03/2018	**10501153.64**	**24553155.09**	**35054308.73**
Levied during 2018-19	42937069	59990754	102927823
Recovered during 2018-19	-302892.17	66201320	65898427.83
Contested and dropped during 2018-19	1032122	536724	1568846
Total outstanding as on 31/03/2019	**52708992.81**	**17805865.09**	**70514857.9**
Levied during 2019-20 (upto 27/11/2019)	264181	52839248	53103429
outstanding as on 27/11/2019	**52973173.81**	**70645113.09**	**123618286.9**
Recovered during 2019-20 (upto 27/11/2019)	25829.19	319173	345002.19
Contested and dropped during 2019-20 (upto 27/11/2019)	0	0	0
Net outstanding as on 27/11/2019	**52947344.62**	**70325940.09**	**123273284.7**

3) Authorization of bank branches for participation in Small Saving Schemes

All branches of Nationalised Public Sector Bank and ICICI, HDFC and Axis Banks have been authorised for handling Small Saving Schemes of Ministry of Finance.

4) During 2019-20 TD & C, SPREAD & TI program, an amount of Rs. 51.32 Crore was recovered in the financial year and efforts are being made to recover the balance amount from ICICI Bank for the scheme closed in the year 2010.

5) All of the Pay and Accounts offices of the Ministry have implemented Public Financial Management System. All payments are being made through PFMS. Use of cheques as the mode of payment is considerably eliminated. E-payments are made to concerned parties and now maximum payments are being made electronically. The implementation of PFMS coupled with extensive training to the concerned officials and peer to peer knowledge sharing has resulted in less adaptation time, more organisational efficiency, less response time in payments, improved record keeping/tracking through digital logs and more transparency.

6) This Department has moved to Government e-Market Place for nearly all of the procurements. Officials were provided training on GeM and the procurements are being made through GeM. This remarkably changed the procurement process for good. Now, the procurements are more streamlined, efficient and transparent. This considerably reduced the hurdles in the procurement process, providing the purchasing department with more choices and better recordkeeping as the bills are in digital format.

7) The entire pension cases of this department are being processed through the "Bhavishya Portal" resulting which the fast processing of the pension related work. The check points in the "Bhavishya Portal" ensure the procedural accuracy of the pension cases. Pension cases of Pre-2016 are being revised through electronically on the E-portal eppo.nic.in/revision.

8) All work related to feeding the budget, supplementary, re-appropriation and surrender orders for each grant along with mapping of heads to each scheme had been successfully done in 2018-19.

11. Central Pension Accounting Office

11.1 The Central Pension Accounting Office (CPAO) was established w.e.f. 1st Jan, 1990 for Payment and Accounting of Central (Civil) Pensioners and Pension to Freedom Fighters etc. CPAO is a subordinate office under the Office of the **Controller General of Accounts, Ministry of Finance, Department of Expenditure.** It has been entrusted with the responsibility of administering the scheme of payment of pension to Central Government (Civil) Pensioners through authorized Banks. Its core functions are:

- 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
- 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.

11.2 **Achievements**: CPAO issues SSAs to the CPPCs of Banks in fresh and revision of pension cases. In the financial **year 2019-20 (as on 30th Nov, 2019), 38,535 and 83,858** authorities were issued in fresh and revision of pension cases respectively.

Projection or estimate for the remaining period:-

(i) Fresh Pension Case- 20,000 (Approx.)

(ii) Revision of pension case- 42,000 (Approx.)

11.3 **Significant developments/policy decisions taken during the year for the development of a particular sector, including initiatives for improving delivery of public services and for ensuring "inclusive growth"**

1. **Electronic- Pension Payment Order (e-PPO) Project-** Paperless movement of digitally signed e-Special Seal Authority (e-SSA) from Central Pension Accounting Office (CPAO) to 39 Central Pension Processing Centres (CPPCs) of 24 Authorized Banks for pension is in operation and all the CPPCs are getting digitally signed Special Seal Authority (SSA) in fresh as well as the revision pension cases directly into their SFTP servers.
2. **Online Allotment of 12 digits Pension Payment Orders (PPOs) number:** With effect from 1st Jan, 2016, Central Pension Accounting Office (CPAO) has started facility of online allotment of PPO numbers on CPAO website to Pay & Accounts Offices to avoid paper based allotment of PPO numbers. This has resulted in less paperwork & the process has been faster than earlier. It has also resulted in saving time & postage cost.
3. **Grievance Mechanism**- A fully functional Grievance Redressal Mechanism (GRM) is in place where 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 the financial year 2019-20 (as on 30th Nov, 2019); total 45,202 grievances received & settled.

   Projected or estimated for the remaining period is 23,000 (Approx.).
4. Facility to download 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 pensioners.
5. All Banks have confirmed payment of revision of pension & arrears of Pension for 7th CPC for about 9.10 Lakhs pensioners. CPAO is also compiling the information separately based upon the e-scrolls received from banks.
6. CPAO conducted internal audit of 19 units in the financial year 2019-20(as on 30th Nov, 2019). 247 pending internal audit paras have been settled during the financial year and 343 fresh audit paras have been raised during the same financial year.

   Projected or estimated for the remaining period is 5.

11.4 **e-Governance Initiatives of CPAO**

CPAO is a fully computerized office. A wide range of software's/packages have been developed/ implemented in this office for streamlining pension authorization, accounting, Grievance Redressal etc. which include:-

(i) **Pension Authorization Retrieval & Accounting System (PARAS)**:- All the pension processing activities from receipt to dispatch are managed through PARAS. The web interface of PARAS provides the related information to pensioners; PAOs/Ministries & Banks. About 13 lakhs Central Civil pension cases have been processed by CPAO through this software thereby creating digital database of these pensioners. Various MIS reports are also generated by this software for the purpose of monitoring.

(ii) **Web Responsive Pensioners' Service (WRPS)**:- Digital India campaign of Government of India emphasizes that Government services should be made available to the citizens electronically by improving online infrastructure and by increasing internet connectivity or by making the country digitally empowered in the field of technology. Under Digital India campaign, Central Pension Accounting Office (CPAO), M/o Finance took two important steps towards empowerment of Central Civil Pensioners and other stakeholders. The then Hon'ble Union Minister for Finance & Corporate Affairs, Shri Arun Jaitley launched "Web Responsive Pensioners' Service of CPAO on 14th Sep, 2016 and electronic-Pension Payment Order (e-PPO) on 1st March, 2018. This is a milestone for CPAO towards its commitment to efficiently & effectively serve the central civil pensioners.

WRPS provides various services including Pension & Payment information, online Pension Process Tracking & online Grievance Redressal and Tracking for the pensioners. Under Web Responsive Pensioners' Service (WRPS), facilities for pensioners' grievance redressal and uploading of list of retiring employees by Ministries/Departments have been provided. It is an important Digital India initiative for improving transparency, accountability and responsiveness in pension processing and disbursements. This facility ensures digital presence and availability of records for pensioner. An instruction video on Web Responsive Pensioners Service (WRPS) has been prepared and uploaded on CPAO Website to assist the pensioners. SMS on revision of the pension is being sent to the pensioners along with a link to download the revision authority.

- web link https://youtu.be/2yXIPZT8OqY

Pensioners can now avail the following services by registering on CPAO website using their PPO number and date of birth & date of retirement/ date of death:

a) **Pensioner Profile**: Pensioners can view their basic details and also bank and PAO details. They can update/provide their contact details like mobile number, email, and Aadhaar number.

b) **Digital Record of Pension & Revision Orders**: Pensioners can view list of all Pension Payments & Revision Orders sent to banks from CPAO, authorization of payment of pension with details like PPO& SSA No. and date sent from CPAO to bank.

c) **Download Facility of Pension/Revision Orders Sent to Banks**: Pensioners can download the Pension/Revision Orders sent to Banks from CPAO.

d) **Pension Processing Status Tracking**: Both retired and retiring pensioners can track status of their pension cases both in fresh as well as revision cases like date of receipt of their cases in CPAO and date sent from CPAO to bank.

e) **Monthly Details of Pension Payment**: Pensioners can view the details of monthly payments of pension, which are credited to their accounts by the bank, i.e. their basic pension, dearness relief, medical allowance, arrear payments, etc. This information is being made available from the monthly scrolls received from the banks. Previous six months transactions payment details are made available.

f) **Grievance Redressal**: Apart from computers, Pensioners can now lodge their grievances from their mobile devices and view/track the status of their grievances. Besides lodging their grievances online on CPAO website, facility to lodge grievance by letter, fax, email, Toll free Number and personal visits and tracking the status is already provided. After receiving the grievances from pensioners; CPAO forwards the same online to the banks and field offices for redressal and status is updated in its website for the information of pensioners.

g) **SMS Facility**: Pensioners are now provided SMS facility for pension process status at CPAO and at the stage of grievance registration & disposal.

h) **Links to Jeevan Pramaan, Bhavishya and CPENGRAMS Portals**: To facilitate the pensioners for submission of Digital Life Certificate (DLC) in the month of November, a link to Jeevan Pramaan Portal has been provided on CPAO website. For those Government servants who are going to retire soon, a link has been established with Bhavishya Portal of DP&PW to enable them to track the status of their pension cases even before it reaches CPAO. A link to CPENGRAMS (Central Pension Grievance

Redress and Monitoring System) has also been provided so that if pensioners desire, they can lodge and track their grievances in CPENGRAM.

i) **Dashboards**: For the purpose of monitoring, a dashboard facility with MIS reports has been provided to following:

- **Pensioners**: In the pensioners' dashboard, facilities to view personal and pension details, last six payments transactions, view and download of SSA, registration and tracking of grievances have been provided.
- **Banks**: In the banks dashboard, detailed information on pensioners grievances forwarded to the banks and their settlement status has been provided to the heads of CPPCs and Government Accounting Divisions/ Government Business Units.
- **Ministries/Departments**: Dashboards have been created for PAOs, Chief Controller of Accounts & Joint Secretaries (Administration) to track the status of Grievances pertaining to their Ministries/Departments and take timely action to dispose of the Grievances. Further, Dashboards are also provided on details of uploading of quarterly lists of retiring government employees so that they may keep tracking of progress on providing these lists and pendency in processing of such cases. The status of list of retiring employees is also provided in the Dashboards for Financial Advisors.

j. **Social Media Presence of CPAO** - Official Social Media Accounts of Central Pension Accounting Office (CPAO) on platforms Facebook, Twitter and YouTube have been created to provide better services to the pensioners/family pensioners and to lodge their grievances. This is over and above the latest modes available to the pensioners to contact and communicate with CPAO. Various instructive videos have been made for the better use of the WRPS facility, e-Revision Utility for pensioners and other stakeholders.

Twitter @ CPAO_Social

Facebook @ cpaosocial

YouTube @ CPAO ONLINE Delhi

All these initiatives aim at establishing seamless processing and accounting of pension disbursement to enhance efficiency and effectiveness of the pension delivery mechanism.

(A) **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 this project, digitally signed revision authorities are being sent to CPPCs from CPAO.

(B) **Grievances Redressal Management Software**:- NIC, CPAO has developed a software for Grievance handling where grievances received from pensioners are registered and processed.

(C) **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.

(D) **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.

Annexure-I

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	Others	Total	SCs	STs	OBCs	Others	Total	SCs	STs	OBCs	Others	Total	SCs	STs	OBCs	Others
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Group A	443	67	24	72	280	11	-	02	04	05	30	06	-		24	04	-	01	-	03
Group B	779	124	43	115	497	01				01	80	18	08		54	01		01		
Group C	287	71	10	63	143	17	02		04	11	05	03			02					
Total	1509	262	77	250	920	29	02	02	08	17	115	27	08	-	80	05	-	02	-	03

Annexure-II

DEPARTMENT OF EXPENDITURE

Representation of Persons With Disabilities

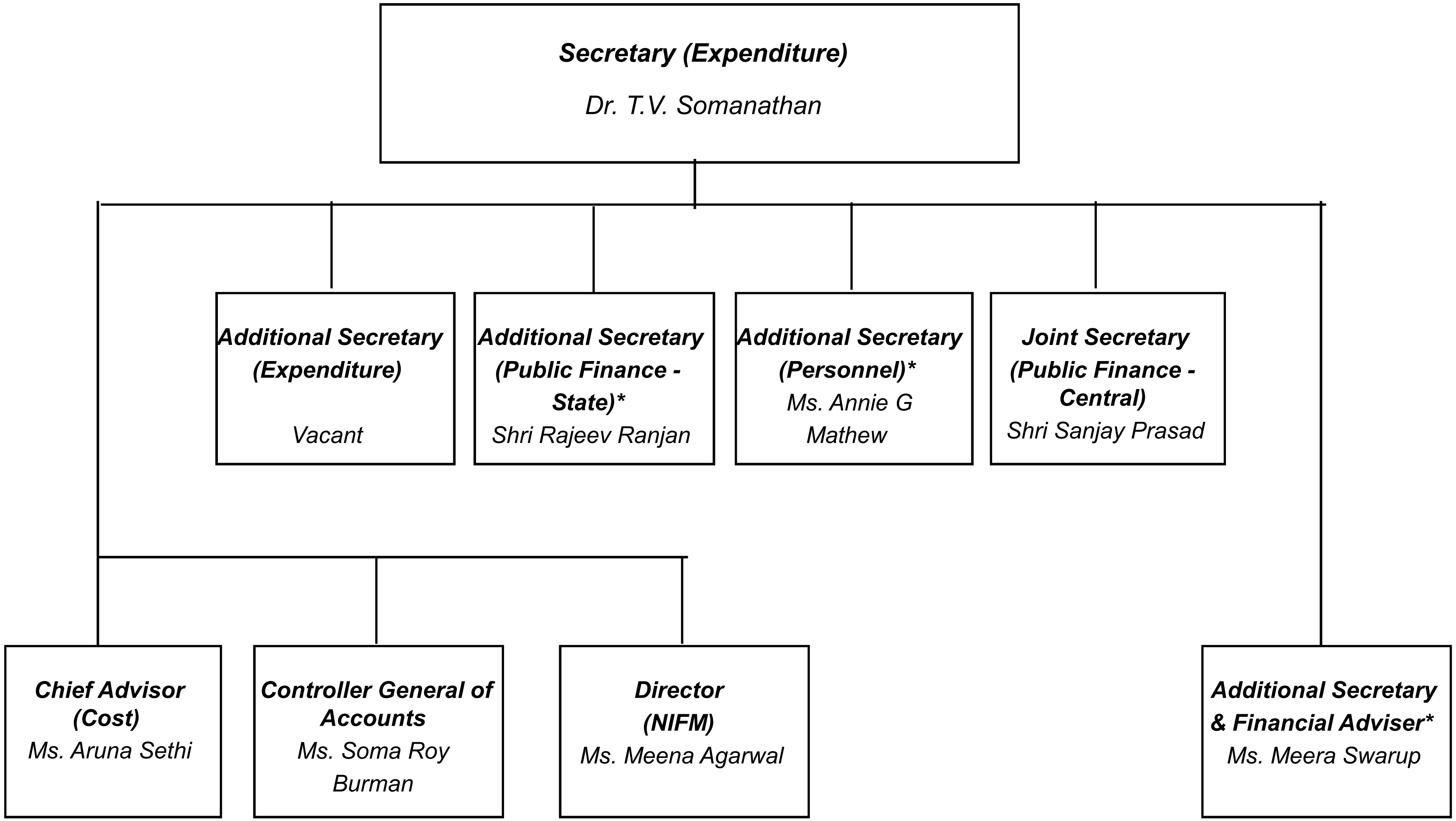
Group	Number of Employees				Direct Recruitment						Promotion							
					No. of vacancies reserved			No. of appointments made			No. of vacancies reserved				No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
A	443	01	01	03	-	05	-	-	-	-	-	-	-	-	01	-	-	-
B	779	01	01	05	-	-	-	01	-	-	01	-	-	-	10	-	-	01
C	287	02	05	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1509	04	07	09	-	05	-	01	-	-	01	-	-	-	11	-	-	01

Annexure-III

Summary of Important observations included in Audit Reports

Sl.No.	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 PAC
1.	2019	0	0	0	0

ORGANISATIONAL CHART OF DEPARTMENT OF EXPENDITURE



*Note: The posts of JS(Pers), JS(PF-State) and JS&FA have been temporarily upgraded to AS Level by ACC.

Chapter - III

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 Indirect Taxes and Customs (CBIC). 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 Goods and Service Taxes (GST), Customs and Central Excise duties, Service Tax and other Indirect taxes fall within the purview of the CBIC. The two Boards were constituted under the Central Board of Revenue Act, 1963. Each Board has a sanctioned strength of 6 (six) members.

1. 2 The Department of Revenue administers the following Acts:

i. Income Tax Act, 1961;

ii. Black Money (Undisclosed Foreign Income & Assets) Imposition of Tax Act, 2015;

iii. Benami Transactions (Prohibition) Act, 1988;

iv. Chapter-VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax);

v. Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax);

vi. Chapter V of Finance Act, 1994 (relating to Service Tax);

vii. Central Excise Act, 1944 and related matters;

viii. Customs Act, 1962 and related matters;

ix. Central Sales Tax Act, 1956;

x. Custom Tariff Act, 1975;

xi. Central Excise Tariff Act 1985;

xii. Narcotic Drugs and Psychotropic Substances Act, 1985;

xiii. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;

xiv. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;

xv. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);

xvi. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;

xvii. Prevention of Money Laundering Act, 2002; and

xviii. Foreign Exchange Management Act, 1999;

xix. Union Territory Goods & Services Tax Act, 2017;

xx. Goods & Services Tax (compensation to States) Act, 2017;

xxi. Central Goods & Services Tax Act, 2017;

xxii. State Goods & Services Tax Act, 2017;

xxiii. Integrated Goods & Services Tax Act, 2017

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 Indirect Taxes 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 under SAFEMA;

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 and Central Excise, Customs & Service Tax);

xii. National Committee for Promotion of Social and Economic Welfare;

xiii. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985;

xiv. Financial Intelligence Unit, India (FIU-IND);

xv. Adjudicating Authority under Prevention of Money Laundering Act;

xvi. Revision Application Unit;

1.4 A comparison of the collection of Direct and Indirect taxes for the period 2018-19 and 2019-20 is as follows:

(₹ in crore)

Sl. No.	Nature of Taxes	Amount collected		
		2018-19	2019-20* (Provisional)	%age of growth over last year
1.	Corporate Income Tax	663572	369036	**
2.	Personal Income Tax (excluding STT & WT)	461652	314676	**
3.	Other Taxes (STT & WT)	12494	8953	**
4.	GST (CGST, IGST & Comp. Cess)	5,81,563	4,44,009	**
5.	Non-GST (Customs, Central Excise & Service [Tax Arrears])	3,55,816	2,60,636	**
6.	Total (GST & Non-GST)	9,37,379	7,04,645	**

** Figures of 2019-20 are provisional and upto 31.12.2019*

*** In the absence of full year Tax Collection for F.Y. 2019-20, percentage growth cannot be calculated.*

1.5 The details of representation of SCs, STs and OBCs are at **Annexure-I.**

1.6 The details of representation of persons with disabilities are at **Annexure-II.**

1.7 The details of ATNs in respect of audit observations are at **Annexure-III.**

1.8 An Organisation Chart of Department of Revenue is given at **Annexure-IV.**

2. Revenue Headquarters Administration

2.1 Administration

The Department of Revenue looks after matters relating to all administration work pertaining to the Department, coordination between the two Boards (CBIC 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, Goods and Services Tax (GST), the Narcotic Drugs and Psychotropic Substances Act 1985 (NDPS), the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act 1976 (SAFEMA), the Foreign Exchange Management Act 1999 (FEMA), 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 SAFEMA and NDPS

d. Chief Controller of Factories

e. Central Bureau of Narcotics

f. Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

g. Appellate Tribunal under SAFEMA

h. Customs and Central Excise Settlement Commission (CCESC)

i. Income Tax Settlement Commission (ITSC)

j. Authority for Advance Ruling for Income Tax and Central Excise, Customs & Service Tax

k. National Committee for Promotion of Social and Economic Welfare

l. Financial Intelligence Unit, India (FIU-IND)

m. Adjudicating Authority under Prevention of Money Laundering Act

n. National Institute of Public Finance and Policy (NIPFP)

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

Appointment of –

✓ Chairman and Members of CBIC and CBDT

- ✓ Chairman, Vice Presidents and Members of CESTAT
- ✓ Chairman, Vice Chairman and Members of CCESC and ITSC
- ✓ Chairman, Vice-Chairman and Members of AARs for Customs / Central Excise and Income Tax
- ✓ Director General of CEIB
- ✓ Director of Enforcement
- ✓ Competent Authorities (SAFEMA and NDPS)
- ✓ Director (FIU-IND)
- ✓ Chairperson and Member of Adjudicating Authority set up under PMLA
- ✓ Chairman and Members of "Appellate Tribunal" established under SAFEMA, 1976.
- ✓ Appointment of CVO, CBDT/ CBIC/ ED

2.2 Economic Security (ES)

2.2.1 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 Financial Action Task Force (FATF).

2.2.2 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)].

2.2.3 PMLA was amended in 2005, 2009, 2012, 2015, 2016, 2018 and 2019 to overcome the deficiencies and to meet the international standards on Anti-Money Laundering as prescribed by Financial Action Task Force (FATF).

2.2.4 Financial Action Task Force (FATF)

2.2.4.1 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.

2.2.4.2 The forty recommendations of FATF provide a complete set of counter-measures against money laundering, counter financing of terrorism and its proliferation 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 and terrorist financing. India became the member of Financial Action Task Force (FATF) in June 2010.

2.2.5 Adjudicating Authority under Prevention of Money Laundering Act, 2002

2.2.5.1 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.

2.2.5.2 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/ retain the provisional Attachment after hearing the aggrieved parties to ensure that property is not disposed of during the pendency of trial for scheduled offences of money laundering or proceeds of crime money laundered.

2.2.5.3 The Adjudicating Authority consists of a chairperson and two Members. The post of Chairperson & Member are tenure post after retirement from erstwhile job. The Adjudicating Authority received 174 Provisional Attachments and 174 Original Complaints during the year. In addition, 99 Original Applications for retention of seized documents from Directorate of Enforcement were received during the year. 4 Miscellaneous Applications were received during the year. Final orders in Original Complaint and Original Application have been pronounced in 300 cases except 76 cases where the Hon'ble courts granted stay in respect of Provisional attachment orders/ Original applications furnished by Directorate of Enforcement.

2.2.5.4 The staff posted in the Authority is on deputation basis and all the posts are ex cadre. No Appointment was made during the previous calendar year either by Direct recruitment or promotion.

2.3 Revision Application Unit

2.3.1 Formation, function and working of the Revision Application Unit

2.3.1.1 The mandate of the Revision Application Unit is to dispense justice. Under the scheme operative till 10.10.1982, the appeal against the orders of the Commissioners (then called Collectors), of Customs & Central Excise lay with the Central Board of Indirect Taxes & Customs. As far as the appeals against the orders passed by the authorities below the rank of the Collectors (now called Commissioners), were concerned, the same were to be filed before the appellate Collectors of Customs & Central Excise. Erstwhile Section 131 of the Customs Act, 1962 and Section 36 of the Central Excise & Salt Act, 1944, empowered the Central Government to revise the orders passed by the CBIC and appellate Collectors in exercise of their appellate jurisdiction. At the Government level, while Secretary (Revenue) or Special Secretary disposed of the Revision Applications against orders passed by the CBIC, the Addl. Secretary or Joint Secretary disposed of the applications against the orders passed by the appellate Collectors of Customs & Central Excise and executive Collectors of Customs and Central Excise. The Finance (No. 2) Act, 1980 sought to introduce a new system by establishing appellate Tribunal. The appellate jurisdiction of CBIC and Revisionary jurisdiction of the Central Government were abolished with effect from 11.10.1982, except a few residual transitional provisions and the Customs, Excise and Gold Appellate Tribunal (now CESTAT) was set up with effect from 11.10.1982. The Finance Act, 1984, revived the Revisionary powers of the Central Government in specified type of cases. On the Customs side, Section 129 DD read with proviso to Section 129(A) of the Act, empowered Central Government to revise the appellate orders passed by the Commissioner of Customs (Appeals). On Central Excise side, Section 35EE read with first proviso to sub-section (ii) of Section 35B of the Central Excise Act, 1944 gave review and revisionary powers to Central Government to revise the orders passed by the Commissioner of Central Excise (Appeals).

2.3.1.2 On the Service Tax side the two provisos inserted in sub-section (1) of Section 86 of the Finance Act 1994 vide Section 117 of the Finance Act 2015 (with effect from 14.5.2015) stipulate that where an order, relating to a service which is exported, has been passed under section 85 and the matter relating to grant of rebate of service tax as input service, or rebate of duty paid on inputs, used in providing such service, such order shall be dealt with in accordance with the provisions of section 35EE of the Central Excise Act 1944. All appeals in such matters pending before the Appellate Tribunal shall also be transferred and dealt with in accordance with the provisions of Section 35 EE of the Central Excise Act 1944.

2.3.1.3 The Revision Applications filed either by parties or department against the orders of Commissioner (Appeals) are considered and decided by Additional Secretary (RA). The Central Government is the highest authority in such revision and review matters and orders thus passed by the Additional Secretary (RA) are final. Petitioners, aggrieved with the revision order passed by Additional Secretary (RA) may take re-course to writ petitions under Article 226 of Constitution of India.

2.3.1.4 The Revision Application Unit is directly responsible to Secretary (Revenue).

2.3.2 Jurisdiction

2.3.2.1 Customs jurisdiction - Section 129 DD read with proviso to Section 129 A (1) of Customs Act, 1962 empowered the Central Government to revise or review the appellate orders passed by Commissioner of Customs (Appeals) if such order related to:

(a) Any goods imported or exported as baggage;

(b) Any goods loaded in a conveyance for importation into India, but which are not unloaded at their place of destination in India, or so much of the quantity of such goods as has not been unloaded at any such destination if goods unloaded at such destination are short of the quantity required to be unloaded at the destination;

(c) Payment of drawback as provided in Chapter X and the rules made there under.

2.3.2.2 Central Excise jurisdiction - Section 35 EE read with proviso to Section 35 B (1) of Central Excise Act, 1944 empowered the Central Government to revise or review the appellate orders passed by Commissioner of

Central Excise (Appeals) if such order related to:

(a) A case of loss of goods, where the loss occurs in transit from a factory to a warehouse or to another factory, or from one warehouse to another or during the course of processing of the goods in a warehouse or in storage, whether in a factory or in a warehouse;

(b) A rebate of duty of excise on goods exported to any country or territory outside India or on excisable materials used in the manufacture of goods which are exported to any country or territory outside India;

(c) Goods exported outside India (except to Nepal or Bhutan) without payment of duty.

2.3.2.3 Service Tax jurisdiction – The provisions of Section 35EE of the Central Excise Act 1944, which dealt with revision by the Central Government, have been made applicable to Chapter-V of the Finance Act, 1944 dealing with Service Tax. In the Finance Act 2015, Section 86 has been amended to prescribe that the remedy against the order passed by Commissioner (Appeals) in a matter involving rebate of Service Tax, shall lie in terms of Section 35EE of the Central Excise Act 1944. In such cases against the order passed by the Commissioner (Appeals), revision application is required to be filed before AS (RA).

2.3.2.4 IATT jurisdiction - Rule 13 of Inland Air Travel Tax (IATT) Rules, 1989 empowered the Central Government to revise or review the appellate orders passed by Commissioner of Customs & Central Excise (Appeals) if such order related to payment of IATT.

2.3.2.5 FTT jurisdiction - Rule 15 of Foreign Travel Tax (FTT) Rules, 1979 empowered the Central Government to revise or review the appellate orders passed by Commissioner of Customs & Central Excise (Appeals) if such order related to Payment of Foreign Travel Tax.

2.3.3 Process

The Revision Application Unit receives the revision application in prescribed form EA-8/CA-8 filed by department as well as parties. The stipulated time for filing such applications is 90 days from the date of communication of order-in-appeal. The delay up to 90 days can be condoned by Central Government in deserving cases. The Revision Application Unit on receipt of revision applications issues the acknowledgement to the applicant along with deficiency memo if any deficiency is found. Simultaneously, a check-list in prescribed format is also prepared. Notice is issued to respondent party for filing counter reply. Thereafter, personal hearing is fixed / held in cases, in the order of seniority. Out of turn hearings are allowed only in deserving cases involving substantial revenue, recurring issue resulting into multiplicity of cases, interest liability, the issue is no longer res integra, passenger is going abroad and in cases of financial hardship. After completion of hearing, final revision order is issued by Additional Secretary (RA).

2.3.4 Latest Developments

The Revision Application unit was earlier headed by a Commissioner and ex-officio Joint Secretary. The working of this set-up was stayed by an order of Punjab & Haryana High Court, upheld by the Apex Court also, whereby it was directed that an officer of a higher rank than the Joint Secretary be posted here as the orders of Commissioner (Appeals) are being revised and an officer of the same rank cannot revise these orders. Subsequently, an officer of the rank of Principal Commissioner and ex-officio Additional Secretary was posted in Aug, 2017 and an additional office of Additional Secretary (R.A.) was created at Mumbai to reduce the pending cases which got piled up during the period of stay. The office at Delhi caters to Northern and Eastern regions while the Mumbai Unit takes up the cases pertaining to Southern and Western regions.

2.4 Narcotics Control (NC)

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 regulate 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.

2.4.1 Functions/ Working of the Central Bureau of Narcotics

2.4.1.1 Organizational set up

The Narcotics Commissioner heads the Central Bureau of Narcotics (CBN) with headquarters at Gwalior. The Narcotics Commissioner exercises control and supervision over opium poppy cultivation, which is presently undertaken in select notified areas of the three states of Madhya Pradesh, Uttar Pradesh & Rajasthan. In addition to the work relating to licensing of opium poppy cultivation, measurement and test measurement of fields and procurement of opium, the CBN also undertakes preventive checks and exercises vigil to prevent diversion of opium into illicit channels as well as enforcement of Narcotic Drugs & Psychotropic Substances Act, 1985. CBN has combined sanction strength of 1200 post.

2.4.1.2 Responsibilities and Duties

The broad outline of the functions and responsibilities of CBN are as under:

i. Performing the function of the National Opium Agency for India under Single Convention on Narcotic Drugs 1961 to exercise supervision over licit cultivation of opium poppy in the country in terms of Section 5(2) of the NDPS Act.

ii. Survey, detection and eradication of illicit cultivation of opium poppy throughout the country.

iii. Enforcement of provisions of the NDPS Act 1985 to suppress illicit traffic in Narcotic Drugs, Psychotropic Substances and notified Precursor Chemicals including search, seizure, arrest, investigation and prosecution of drug offenders tracing and freezing of illegally acquired properties of drug traffickers derived from illicit drug trafficking for forfeiture and confiscation.

iv. Issue of licenses for manufacture of synthetic Narcotic Drugs.

v. Performing the functions of Competent National Authority (CNA) for issue of Export Authorizations and Import Certificate for Export/ Import of Narcotic Drugs & Psychotropic Substances and issue of ‘No Objection Certificate’ for import/ export of precursor chemicals under the 1961, 1971 and 1988 UN Conventions dealing with narcotic drugs, psychotropic substances and chemicals/substances used for manufacture of these drugs.

vi. 1988 Convention requires CNA of the countries to take all possible measures to prevent diversion from international trade of precursor chemicals used in illicit manufacture of narcotic drugs and psychotropic substances in close cooperation with INCB and competent authorities of the countries concerned.

vii. Liaison with the International Narcotics Control Board, United Nations Drug Control Programme as well as with the Competent Authorities of other foreign countries on issues related to international trade in narcotic drugs, psychotropic substances and precursor chemicals.

viii. Co-ordination with other enforcement agencies such as Narcotics Control Bureau, Directorate of Revenue Intelligence, Central Excise, Customs, State Police, State Excise and various other enforcement agencies.

2.4.1.3 Performance and Achievements: -

The performance/achievement with respect to issuance of NOCs issued by Central Bureau of Narcotics during the year 2019-20 for the export/import of Precursor Chemicals is as under:

Number of NOC issued	From 01.04.2019 to 30.11.2019	From 01.12.2019 to 31.03.2020 (Projected)
For export of Controlled Substance (precursors Chemicals)	1225	650
For import of Controlled Substance (precursors Chemicals)	618	300
No. of Pre-export Notifications (PEN) issued	1184	650
No. of Pre-export Notification received	707	350
Number of Stop Shipments of Precursors Chemical	4	NA

International Narcotics Control Board (INCB) has developed online PEN system to make exchange of information between the competent National Authorities. CBN had issued 1184 PEN's (01.04.2019 to 30.11.2019 to the competent authority of various importing countries, for verifying the legitimacy of the transactions. On the initiative, taken by the CBN, through online PEN system, CBN has identified and stopped suspicious transactions of precursors chemicals suspected to be diverted from the licit channels during the year under report.

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

Particular	**Psychotropic Substances**		**Narcotic Drugs**	
	From 01.04.2019 to 30.11.2019	From 01.12.2019 to 31.03.2020 (Projected)	From 01.04.2019 to 30.11.2019	From 01.12.2019 to 31.03.2020 (Projected)
No. of Export Authorization Issued	3684	2000	213	90
No. of Import Certificate issued	381	210	124	46

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 during 01.04.2019 to 30.11.2019	No of Manufacturing license issued during 01.04.2019 to 30.11.2019	Quota Allocation issued during 01.04.2019 to 30.11.2019
249	5	277

Projected figures for the period from December 2019 to March 2020 is as under:

No. of Registration certificates for import of Poppy seeds	No. of Manufacturing license	Quota Allocation
25	20	240

As per Rule 67 E of NDPS Rule 1985, CBN issues allocation of narcotic drugs, during this year 2019, mainly allocation was issued for Codeine Phosphate to 100 companies for quantity of 35783 kgs, whereas 71 companies were issued allocation for 1590kgs of medicinal opium.

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) is still under process.

2.4.1.4 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.

Details of disposal of drugs during the period April, 2019 to November, 2019 is as follows:

S. No.	Narcotics Drugs/Psychotropic	No. of Cases	Quantity (in kg)
1	Opium	29	993.795
2	Opium Mix water	-	42.040
3	Heroin	08	55.81
4	Morphine	01	1.000
5	Charas	01	3.600
6	Poppy straw/Poppy Husk	04	2092.460

During the calendar year 2019, several seizures, under NDPS Act, were affected by Central Bureau of Narcotics and details thereof are as follows:

Seizure affected by CBN during the year 2018 & 2019 (up to 11.12.2019)

Type of Drug/ Substance		2018	2019 (up to 11.12.2019)
Opium	Quantity (In kgs.)	19.585	150.06
	Cases	2	6
			42.040 Op. Sol.
Morphine	Quantity (In kgs.)	1.620	0.65
	Cases	2	1
Heroin	Quantity (In Kgs)	2.860	1.01
	Cases	5	3
Ganja	Quantity (In kgs)	-	8.5
	Cases	-	1
Charas	Quantity (In kgs.)	3.67	3.6
	Cases	1	1
Poppy Straw/ Husk	Quantity (In kgs.)	308.630	2896.6
	Cases	12	16
Diazepam	Quantity (In kgs.)	1400 TABS & 380 Inj	20475 Inj
	Cases	-	-
Buprenorphine	Quantity (In kgs.)	-	-
	No. of Inj	6050	81528
	Cases		
Pentazocine	Quantity (In kgs.)	3194	73904 Inj
	Cases		
Codeine Phosphate Cough Syrup	Quantity	10402 bottles	9746 bottles
	Cases	-	-
Alrazolam Tab	Quantity	207715	1098307 tablets
	Cases	-	-

Zolpidem Tartrate Tablets	Quantity	300 tabs	30600 tabs
	Cases	-	-
Clonazepam	Quantity	3190 tabs	5000 tabs
	Cases	-	-
Nitrazepam	Quantity	22055 tabs	12350 tabs
	Cases	-	-
Tramadol	Quantity	42600 tabs & 89914 caps	840006 tabs & 352496 Caps
Tramadol Inj	Quantity	-	5903
	Cases	-	-
Tramadol	Quantity	0.490 Kg	
Lorazepam	Quantity	31260 tabs	
Chlordiazepoxide	Quantity	7800 tabs	
Illicit Poppy Cultn	Quantity	1896 Sqm	750 Sqm
	Cases	2	1

Number of persons convicted/ acquitted in CBN cases, decided by various Courts, during the financial year 2019-20 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 (%)**
2019-20	630+2*	10	0	100%

*foreigners

Number of cases, decided by various Courts, during the financial year 2019-20 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 (%)**
2019-20	8	8	-	100%

2.4.1.5 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, Sh. Vikash Joshi, Deputy Narcotics Commissioner, Kota was appointed as a Liaison Officer to look after the interest, representation and welfare of ST/ SC, Ex- Servicemen and Person with Disabilities categories. Deputy Narcotics Commissioner, Gwalior was appointed as a Liaison Officer to look after the interest, representation and welfare of OBC employees.

2.4.1.6 Allotment of General Pool office Accommodation (GPA) & General Pool Residential Accommodation (GPRA):

Ministry of Urban Development, Directorate of Estates, New Delhi was requested for General Pool Office Accommodation and General Pool Residential Accommodation. Thus, the officers and staff of CBN posted in the cells have become eligible for allotment of General Pool Residential Accommodation.

2.4.1.7 Gender Issues/ Empowerment of Women:

A Complaint Committee has been set up in the Headquarters of Madhya Pradesh, Rajasthan, Uttar Pradesh Unit and Headquarters office, Gwalior to look after the complaints of the working women in respect of any type of harassment of women at work place.

2.4.1.8 During the crop year 2018-19, a quantity of 401 Metric Tons of opium at 70 consistency was procured. The average yield per hectare (in kgs) at 70 consistency on the basis of provisional results received from Madhya Pradesh, Rajasthan and Uttar Pradesh for the crop year 2018-19 was 65.26, 68.27 & 49.93 respectively. The All India average yield during 2018-19 was 66.48 kg/hectare at 70 consistency. The figures are for crop year 2018-19 as the crop cycle for the cultivation of opium is October to September next year.

2.4.1.9 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 weighment centers, disbursing it to cultivators/ Lambardars concerned and carrying it to villages by cultivators from weighment centers in late evening. Banking infrastructure has been improved in opium growing areas and it is developing day by day. 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.

2.4.1.10 Other highlights of performance and achievements during the year 2018-19.

World Drug Day, 2019 by Central Bureau of Narcotics: On the International day against drug abuse and trafficking, Central Bureau of Narcotics organized a series of events from 26th June, 2019 to 28th June, 2019. The following events were organized:

i. Motor Cycle Rally: - A Road show/ Motor Cycle Rally of around 100 volunteers was organized on 26th June, 2019. The staff members distributed attractive stickers on drug abuse to the Taxi drivers, Auto-rickshaw drivers and General Public throughout the day with a view to raise awareness among general public. Stickers were also pasted and attractive banners were displayed at prominent places of the city.

ii. Awareness Campaign at public place: - For raising awareness of the masses regarding the growing menace of drug abuse, an awareness Campaign was organized at Gwalior Railway Station on 26th June, 2019.

iii. Health Check-up camps: - On 27-6-2019, free Health Check-up camp by the doctors of Birla Institute of Medical Research Centre, & Ratan Jyoti Netralaya, Gwalior was organized at the Office premises. The health check-up covered the following areas:

- Blood Pressure;
- Sugar testing;
- Eyes check-up

The Doctors advised the patients on proper diet and other aspects of leading a healthy life.

iv. Poster painting & Quiz competition: - An open poster painting & quiz competition was held at the office premises on 27-6-2019. The theme of the competition was "NASHA EK ABHISHAP". A large number of persons including young boys and girls participated in the competition and placed their thoughts on the canvas.

2.4.2 GOVERNMENT OPIUM AND ALKAOLIDS WORKS (GOAW)

2.4.2.1 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 GOAWs are mainly used by pharmaceutical industry of India for Preparation of cough syrup, pain relievers and tablets for terminally ill cancer and HIV patients. 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 Chief Controller of Factories office is located at New Delhi. Each of the factories comprises two units – the Opium Factory and Alkaloid Works. 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 pharmacopeial grades to meet the domestic demand of the pharmaceutical industry. The GOAWs have employed a total work force of about 650 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 of Government Opium and Alkaloid Factories (GOAF) for the Financial Year 2019-20 are as follows:

I. PERFORMANCE OF GOAF FOR THE FINANCIAL YEAR 2019-20

(Provisional)

Sl. No.	Particulars	Unit	Actual Production from April to December, 2019	Estimated Production from January to March, 2020
A	**PRODUCTION**			
1	Drying of opium for Export at 90°C	KG.	NIL	NIL
2	a) Morphine Sulphate	KG.	211.550	388.450
	b) Codeine Phosphate (C.P.)	KG.	13946.800	7517.200
	c) Pure Thebaine	KG.	735.100	436.900
	d) Noscapine BP	KG.	2009.00	3443.000
	e) Pholcodine	KG.	0	245.000
	f) IMO Powder	KG.	7400.000	4600.000
	g) IMO Cake	KG.	0.200	4999.800
	h) Papavarine S.R.	KG.	2082.450	221.550
	Total (2) (a to h)	Kg.	26385.100	21851.900
3	Codeine Phosphate Import for Domestic Market	KG.	0.000	20000.00

Sl. No.	Particulars	Sales April to November 2019		Estimated Sales from December 2019 to March 2020	
		Quantity (in Kg.)	Amount (₹ in Crore)	Quantity (in Kg.)	Amount (₹ in Crore)
B	**SALES**				
1	Export of opium for at 90°C	1295.399	0.68	900.000	0.47
2	a) Codeine Sulphate	0	0	0	0
	b) Morphine Sulphate	194.475	0.80	305.525	1.26
	c) Codeine Phosphate (Ind. & Imp)	18341.402	83.82	9534.598	43.58
	d) Dionine	0	0	0	0
	e) Pure Thebaine	857.700	3.89	492.000	2.24
	f) Noscapine BP	275.001	0.99	1623.999	5.81
	g) Pholcodine	63.000	0.46	200.000	1.47
	h) IMO Powder (Dom. Sales+Export)	4938.060	5.24	7061.940	7.48
	i) IMO Cake (Domestic Sales+Export)	2845.340	2.90	2154.660	2.20
	j) Papavarine S.R.	0	0	260.000	0.08
	Total 2 (a to j)	**27514.278**	**98.10**	**21.632**	**64.12**
	Grand Total (1+2)	**28809.678**	**98.78**	**22532.722**	**64.59**

C. (a) COUNTRY WISE EXPORT OF OPIUM AT 90°C (excluding IMO Powder & Cake) FOR THE FINANCIAL YEAR 2019-20 (UPTO November, 2019)

(Quantity in Kgs)

	Unit	USA	France	Japan	Iran	Total
1	Ghazipur	NIL	NIL	NIL	NIL	NIL
2	Neemuch	403.609	891.790	NIL	NIL	1295.399
	Total	403.609	891.790	NIL	NIL	1295.399

(b) COUNTRY WISE EXPORT OF OPIUM AT 90°C (excluding IMO Powder & Cake) FOR THE FINANCIAL YEAR 2019-20 (FROM December 2019 TO MARCH, 2020)

(Quantity in Kgs)

	Unit	USA	France	Japan	Iran	Total
1	Ghazipur	NIL	NIL	NIL	NIL	NIL
2	Neemuch	NIL	900.000	NIL	NIL	900.000
	Total	NIL	900.000	NIL	NIL	900.000

D. (a) REVENUE RECEIPTS (ON REALISATION BASIS) FOR THE FINANCIAL YEAR 2019-20 (UPTO NOVEMBER, 2019)

(₹ in crore)

		Opium Factory	Alkaloid Works	Total
1	Ghazipur	0.08	35.43	35.51
2	Neemuch	0.07	70.97	71.04
	Total	0.15	106.40	106.55

(b) REVENUE RECEIPTS (ON REALISATION BASIS) FOR THE FINANCIAL YEAR 2019-20 (FROM DECEMBER, 2019 TO MARCH, 2020)

(₹ in crore)

		Opium Factory	Alkaloid Works	Total
1	Ghazipur	0.05	14.17	14.22
2	Neemuch	1.18	36.00	37.18
	Total	1.23	50.17	51.40

II. ACHIEVEMENT OF CCF ORGANISATION UP TO THE MONTH OF NOVEMBER 2019 WITH COMPARATIVE DATA OF PREVIOUS YEAR i.e. 2018 FOR THE SIMILAR PERIOD

Provisional

Sl. No.	Particulars	Unit	Actual Production April to November		% age increase over previous year
			2018-19	2019-20	
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	KG.	NIL	NIL	NIL
2	Manufacture of Drugs:				
	a) Morphine Sulphate	KG.	299.000	211.550	-29.25%
	b) Codeine Phosphate	KG.	8615.000	13946.8000	61.89%
	c) Pure Thebaine	KG.	463.800	735.100	58.50%
	d) Noscapine BP	KG.	330.770	2136.600	546.08%
	e) IMO Powder	KG.	8000.000	7400.000	-7.50%
	f) IMO Cake	KG.	3000.000	0.200	-99.99%
	g) Papavarine S.R.	KG.	194.100	2082.450	972.87%
	Total (2)	KG.	**20902.6**	**26502.700**	26.79%
3.	Import of Codeine Phosphate				
	i) For Domestic Market	KG.	12500	0	-100%

B. **SALES**					**Provisional**
Sl. No.	Particulars	2018-19 April to November		2019-20 April to November	
		Qty. (Kgs.)	(₹ in Crore)	Qty. (Kgs)	(₹ in Crore)
(1)	(2)	(3)	(4)	(5)	(6)
1	Export of opium on accrual basis	0	0	1295.399	0.68
2	Domestic Sale of Drugs: (on actual basis)				
	a) Codeine Sulphate	0	0	0	0
	b) Morphine Sulphate	280.000	1.05	194.475	0.80
	c) Codeine Phosphate (Indigenous & Imported)	16412.000	69.76	18341.402	83.82
	d) Dionine	0	0	0	0
	e) Pure Thebaine	895.000	3.39	857.000	3.89
	f) Noscapine BP	345.000	1.24	275.001	0.99
	g) Papavarine S.R.	103.000	0.04	0	0
	h) Pholcodine	20.00	0.11	63.000	0.46
	i) IMO Powder (Domestic sale + Export)	6388.000	6.77	4938.060	5.24
	j) IMO Cake (Domestic sale + Export)	3448.000	30.21	2845.340	2.90
	Total (2)	27891.000	85.57	**27514.278**	**98.10**
	Grand Total (1+2)	**27891.000**	**85.57**	**28809.677**	**98.78**

C. COMPARATIVE COUNTRY WISE EXPORT OF OPIUM AT 90°C (up to November of each financial year)

(Qty. in Kgs. at 90ºC)

Unit	**USA**	**FRANCE**	**HUNGARY**	**JAPAN**	**IRAN**	**TOTAL**
2018-19						
Ghazipur	--	--	--	--	--	--
Neemuch						
Total						
2019-20						
Ghazipur						
Neemuch	403.609	891.790				1295.399
Total	403.609	891.790				1295.399

D. COMPARATIVE REVENUE RECEIPTS ON REALISATION BASIS (up to November of each financial year)

(₹ in Crores) (Provisional)

Unit	**Opium Factories**	**Alkaloid Works**	**Total**
2018-19			
Ghazipur	0.09	27.70	27.79
Neemuch	0.07	65.47	65.54
Total	**0.16**	**93.17**	**93.33**
2019-20			
Ghazipur	0.08	35.43	35.51
Neemuch	0.07	70.97	71.04
Total	**0.15**	**106.40**	**106.55**

2.4.2.2 Grievances Redressal Machinery: Public Grievances in the CCF's Organization are dealt with promptly. The labour grievances are also dealt with expeditiously and the relations between the Management & workers during this period was harmonious and cordial.

2.4.2.3 Gender Budgeting/Empowerment of Women: Equal opportunity / status is enjoyed by women in CCF organization. In 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 CCF office, New Delhi, GOAW, Neemuch & Ghazipur for the purpose of dealing the complaints received regarding sexual harassment at workplace.

2.4.2.4 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.

2.4.2.5 Other Achievements:

i. Government of India has been contributing voluntarily an amount of US $1,00,000 to UNODC for General purpose since 2005 and US$ 4000 as annual contribution for Drug Advisory Programme of Colombo Plan Bureau. Government of India will also make the voluntary contribution for this financial year 2019-20.

ii. Government of India *vide* notification G.S.R 525(E) dated the 25th July, 2019 has mandated Directorate of Forensic Sciences in Rule 67B of Narcotic Drugs and Psychotropic Substances Rules 1985 to procure, import and supply narcotic drug and psychotropic substances as samples for Central and State forensic science laboratories in the country.

iii. Government of India, Ministry of Finance has issued notification no S.O. 1582(E) dated 11.04.2019 for delegating powers to the rank of Assistant Sub-Inspectors and above of Railway Protection Force under Section 42 & 67 of the Narcotic Drugs and Psychotropic Substances Act, 1985

iv. A Paris Pact Expert Working Group Meeting on Illicit financial flows i.e Pillar II of the Vienna Declaration (Detecting and Blocking Financial Flows Linked to Illicit Traffic in Opiates) was hosted by Government of India in New Delhi on 27-28 June 2019. The event was attended by 60 participants representing 15 countries and 6 international organizations.

v. Government of India, Ministry of Finance has amended Regulation of Controlled Substances Order, 2013 *vide* notification no G.S.R 779(E) dated 14.10.2019 to include activities of B2B intermediaries under the said order.

vi. Government of India, Ministry of Finance has issued notification no S.O. 779(E) dated 30.10.2019 for delegating powers to Junior Intelligence Officer of Narcotics Control Bureau under Section 36A, 42, 53(1) and Section 67 of the Narcotic Drugs and Psychotropic Substances Act, 1985.

2.5 STATE TAXES

There are two State Taxes Sections in the Department of Revenue:

a) State Taxes-I

b) State Taxes-II

State Taxes - I Section

State Taxes -I Section of the Department of Revenue deals with legislative work relating to Central Acts having significant interface with the States like the Indian Stamp Act, 1899 and the Constitution (One Hundred and First Amendment) Act, 2016 for implementation of Goods and Services Tax (GST) as well as administrative and budgetary matters in respect to Goods and Services Tax Network (GSTN)- Special Purpose Vehicle incorporated for providing IT platform for the GST. Apart from the above, Union Territories Goods and Services Tax (UTGST) Act, 2017 and GST Settlement of Funds Rules, 2017 are other subject matters of the Section. Brief description of the same is as under:

2.5.1 Goods and Services Tax (GST):

The introduction of Goods and Services Tax (GST) regime in the country was a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, the aim was to mitigate cascading or double taxation in a major way and pave the way for a common national market. Before implementation of the GST regime in the country, the issue was deliberated in detail by the Empowered Committee of State Finance Ministers, Select Committee of Rajya Sabha and Parliamentary Standing Committee on Finance. After detailed and prolonged deliberation, the Constitution (One Hundred and First Amendment) Act, after ratification by 50% of the States, was assented to by the President on 8th September, 2016. Thereafter, Central Goods and Services Tax (CGST) Act, Integrated Goods and Services Tax (IGST) Act, Union Territory Goods and Services Tax (UTGST) Act, and Goods and Services Tax (Compensation to States) Act were enacted in order to achieve a successful roll-out of the GST regime in the country from 1st July, 2017.

2.5.2 Union Territories Goods and Services Tax (UTGST):

Like State Goods and Services Tax (SGST) Act, which is enacted by the respective States/ UTs with legislature to levy and collect on all transactions within the respective State/ UT, Union Territories Goods and Services Tax (UTGST) Act, 2017 is enacted to levy and collect GST specifically in the Union Territories without legislature i.e. Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu, Chandigarh and Ladakh.

2.5.3 Goods and Services Tax Settlement of Funds Rules, 2017:

The Goods and Services Tax Settlement of Funds Rules, 2017 have also been notified on 27th July, 2017, which, provide the procedure to be followed for the settlement of funds between the Centre and the States on account of cross-utilisation of input tax credit between IGST and SGST / UTGST, and apportionment of IGST. A total amount of ₹ 3,06,011 crore have been settled from IGST between April, 2019 and November, 2019 and distributed among Centre and States/ UTs. This included ₹ 1,28,653 crore IGST amount released to States/ UTs (SGST/UTGST) and ₹ 1,77,358 crore to Centre (CGST).

2.5.4 Special Purpose Vehicle for Goods & Services Tax Network (GSTN):

Goods and Services Tax Network (GSTN) was set up as a non-government, not-for-profit private limited company on 28th March, 2013, in order to provide IT infrastructure and services to the Centre and State governments, tax payers and other stakeholders. With the approval of Union Cabinet and the recommendations of GST Council, GSTN has been converted into a fully owned Government company.

2.5.5 Indian Stamp Act, 1899:

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 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.

2.5.6 Highlights of the performance and achievements during the year:

i. Promoting digital transactions has been one of the major policy objectives of the Government. Department is planning to incentivize cashless transactions in the GST regime by way of extending instant benefit to the customer who opted for digital transactions. In this regard, DoR had held meetings with all the stakeholders and a process is underway to develop protocol for dynamic QR code-based application system to incentivize digital payments. In order to promote digital payments, Section 31A has also been inserted in the CGST Act, 2017. This new section mandates certain registered suppliers to give their recipients the option of prescribed modes of electronic payment.

ii. Vide Finance Act, 2019 the Indian Stamp Act, 1899 has been amended and the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporation and Depositories) Rules, 2019 have been notified on 10.12.2019. The said amendments propose to create the legal and institutional mechanism to enable states to collect stamp duty on securities market instruments at one place by one agency (through the Stock Exchanges or Clearing Corporations authorized by the stock exchange or by the Depositories) on one Instrument. A mechanism for appropriately sharing the stamp duty with relevant State Governments based on state of domicile of the buying client is also proposed.

iii. Online module of disbursement of GST refund by single authority has been implemented w.e.f. 26th September, 2019. This has been one of the mandates of the Government of India to be fulfilled in first 100 days of the Government. Before introduction of online refund module, the taxpayer had to approach two different authorities namely the State Tax Authorities for SGST portion of the refund and the Central Tax Authorities for the CGST portion of the refund. With the implementation of the online refund module, the taxpayer can file the GST refund application online and the concerned Authority will sanction and credit the refund amount through PFMS in the taxpayer's account without any manual interface. Further, it is informed that since the SGST portion of the refund is also disbursed by the Central Government, the necessity of taxpayer to approach two different tax authorities has been done away with. Accordingly, CGST Rules, 2017 have been amended and Central Government shall disburse the refund based on the consolidated payment advice.

State Taxes –II Section

State Taxes-II 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, the Goods and Services Tax (Compensation to States) Act, 2017. Facilitation in respect of State level Value Added Tax (VAT) in regulation and payment of GST compensation to States/UTs on account of revenue loss due to implementation of GST w.e.f. 01.07.2017 have been dealt by this division as per details given below:

2.5.7 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. VAT has been introduced by all the States/UTs, except the UTs of Andaman & Nicobar Islands and Lakshadweep. Further on implementation of GST, VAT has been subsumed into GST and VAT is now applicable on six goods i.e. petroleum crude, high speed diesel, motor spirit (Commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption. Sales Tax/VAT being a State subject, the Central Government played the role of a facilitator for successful implementation of VAT. As a part of our endeavor to support institutional capacity building and their up-gradation into national level institutes of public finance and policy, two institutes namely, Centre for Taxation Studies, Kerala and Centre for Studies in Social Sciences, Kolkata have been provided ₹ 22.00 crore and ₹ 14.00 crore respectively. During the FY 2014-15, financial assistance of ₹ 4.00 crore has been provided to Centre for Taxation Studies, Kerala and with joint financial assistance of Central and Kerala State Govt, this institute has become functional as one of the excellent taxation institutes known as Gulati Institute of Finance and Taxation, Kerala in GST regime.

2.5.8 Central Sales Tax (CST)

a) 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.

b) The Central Sales Tax Act, 1956 imposes 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.

c) The Central Sales Tax however, being an origin-based non-rebatable tax, is inconsistent with the proposed destination-based Goods & Services Tax (GST) and has been subsumed into GST for all goods except goods defined in Central Sales Tax Act, 1956 i.e. petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption.

2.5.9 GST Compensation to States/ UTs for revenue loss due to implementation of GST

i. **The Goods and Service Tax (Compensation to States) Bill, 2017** was passed by Lok Sabha on 29th March 2017 to provide for compensation to the States for the loss of revenue arising on account of implementation of the Goods and Services Tax in pursuance of the provision of the Constitution (One Hundred and First Amendment) Act, 2016. Accordingly, GST compensation Act, 2017 has been enacted which provides detailed mechanism for compensation to the States for loss on account of implementation of GST. For the purpose of GST compensation to States, a cess known as Compensation cess is being levied on luxury & demerit goods and proceeds of such cess is being credited to a separate Public Account fund known as Compensation Fund. GST compensation amounting to ₹ 48785.35 crore for the period July, 2017 to March, 2018, ₹ 81141.14 crore for the period April, 2018 to March, 2019 and ₹ 45745 crore for period April, 2019 to July, 2019 has been released to the States/ UTs towards provisional GST compensation on bimonthly basis as per GST (Compensation to States Act), 2017, subject to calculation of GST compensation based on AG certified figures.

ii. Accordingly, GST compensation released to States for 2017-18, based upon AG certified figures is as follows:

S. No.	State/ UTs	GST compensation released (₹ In crore)
1.	Assam	980.39
2.	Odisha	2348.08
3.	Puducherry	387.29
4.	Tamil Nadu	1018
5.	Karnataka	20134.73*

**for 2017-18 & 2018-19*

iii. In the FY 2019-20, no compensation has been paid to State of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim, as the revenue earned by these States are more than the revenue protection guaranteed by GST (Compensation to States) Act, 2017.

2.6 Competent Authority

2.6.1 The Appellate Tribunal under SAFEMA

2.6.1.1 The Appellate Tribunal has been constituted under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEMA). It started functioning w.e.f. 03.01.1977. It hears appeals files against the orders of Competent Authority under SAFEM/ NDPS Acts, Adjudicating Authority under PMLA, FEMA and Prohibition of Benami Property Transactions Act 1998.

2.6.1.2 The Appellate Tribunal is located at New Delhi. It consists of a Chairman (who is, or has been or is qualified to be a Judge of the Supreme Court or High Court) and four Members. The other four members are appointed from among the officers of the Central Government who are not below the level of Joint Secretary to the Government of India.

2.6.1.3 During the period 01.01.2019 to 30.11.2019 in total 1405 Appeals (567 in PMLA, 34 in NDPS, 12 in SAFEMA, 107 in FEMA and 685 in PBPT) were filed and in addition 2189 Miscellaneous petitions (1222 in PMLA, 38 in NDPSA, 33 in SAFEMA, 209 in FEMA and 687 in PBPT) were filed during the said period. Total 585 appeals (337 in PMLA and 12 in NDPS, 24 in SAFEMA, 194 in FEMA and 18 in PBPT) were disposed during the said period.

2.6.2 Competent Authority under SAFEMA/ NDPS

2.6.2.1 The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property Act, 1976 (SAFEMA), provides for forfeiture of illegally acquired property of the persons convicted under the Sea Customs Act, 1878, the Customs Act, 1962 and the Foreign Exchange Regulation Act, 1947 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.

2.6.2.2 SAFEM Act and NDPS Act provide for appointment of Competent Authorities for carrying out forfeiture of illegally acquired properties. At present, the Offices of Competent Authorities are located at Kolkata, Chennai, Delhi, Mumbai and one unit is at Ahmedabad. SAFEM(FOP)A envisages establishment of an appellate forum, namely the Appellate Tribunal to hear the appeals filed against the orders of Competent Authority under SAFEMA/NDPSA Act.

2.6.2.3 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 2019-2020 are given in **Appendix 'A'.**

Appendix 'A'

FORFEITURE OF ILLEGALLY ACQUIRED PROPERTY UNDER NDPSA AND SAFEMA 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 of (in ₹ lakhs)**
		Number	**Value (in ₹ Lakhs)**	**Number**	**Value (in ₹ Lakhs)**	
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	₹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	92	22	1553.81	12	308.93	11.52
2016-2017	45	22	1232.95	19	2.35	778.44 and $443783.19
2017-2018	40	7	77.92	3	39.47	1641.45
2018-2019	104	28	1243.69	4	94.26	918.93
2019-2020 (Jan to Nov-19)	96	22	9632.64	11	1172.52	224.44

2.7 Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

2.7.1 Functions/ working of the Organization

2.7.1.1 The Customs, Excise and Service Tax Appellate Tribunal formerly known as Customs Excise & Gold (Control) Appellate Tribunal is a quasi-judicial body hearing appeals filed against the orders passed by the Commissioners of Customs and Central Excise under the Customs Act, 1962 and Central Excise Act, 1944. Service Tax appeals are also now filed before the Tribunal under the Finance Act, 1994. The Tribunal is also having appellate jurisdiction on Anti-dumping matters under the Customs Tariff Act and the special bench headed by the President, CESTAT hears the appeals against the orders passed by the designated authority of the Ministry of Commerce. Whenever two different decisions on a single issue are passed by co-ordinate Benches of the Tribunal, the issue is resolved by constituting 3 Members Larger Bench and a decision then rendered by the larger bench is applicable to all Division Benches and subordinate adjudicating authorities.

2.7.1.2 The Principal Bench of the Tribunal is situated at Delhi and the regional benches are situated at Mumbai, Kolkata, Chennai, Bangalore and Ahmadabad. For speedy disposal of appeals to the benefit of litigants, the Ministry of Finance, vide notification no. 7/2013 has notified creation of three new benches of the Tribunal at Chandigarh, Allahabad and Hyderabad and three additional Benches one each at Delhi, Mumbai and Chennai. The regional benches at Allahabad, Chandigarh and Hyderabad started functioning w.e.f. 1.10.2015, 1.12.2015 and 14.12.2015 respectively.

2.7.1.3 Each Bench of the Tribunal consists of a Judicial Member and a Technical Member. To expedite the disposal of small cases with financial stake up to ₹ 50,00,000/- (Fifty lakh rupees), wherein no question of rate of duty or valuation is involved, single member bench is constituted. The Tribunal is also the final appellate authority hearing appeals from the orders of the Commissioner (Appeals). Appeals from the orders passed by the Tribunal are filed before the Hon'ble Supreme Court on Classification and Valuation issues as they have all India ramifications.

2.7.1.4 The Tribunal is headed by the President who is a retired Judge of a High Court. There are 16 posts of Members (Judicial) and 16 posts of Members (Technical). At present, 8 posts of Technical Members and 3 posts of Judicial Members are lying vacant. There is anticipated vacancy of 3 more Technical Members and 1 Judicial Member in the year 2020.

2.7.2 Highlights of the performance and achievements during the year

2.7.2.1 Despite various constraints including several vacancies of Members and subordinate staff, the appeals are disposed in a consistent pace. A statement showing institution and disposal of appeals of the current financial year is given below:

Year	Institution of Appeals	Disposal	Total Pendency as on 1.11.2019
April 2019 to October 2019	10905	8645	77635

2.7.2.2 The process of online filing of appeals and online payment of appeal fee is undertaken by NIC. Information is uploaded on the website of the Tribunal for the sake of transparency in administration. All orders including daily orders of the Tribunal are also uploaded besides real time display of item number taken by the Bench which is available both on the website and display boards installed in the premises.

2.7.2.3 The whole north eastern region is conveniently placed under the jurisdiction of Kolkata Bench. However, the indirect tax litigation from N.E. region is relatively less.

2.7.2.4 All facilities as required by the Government in respect of weaker sections including differently abled and SC/ST are strictly followed and extended to the eligible candidates/Staff.

2.7.2.5 All facilities are being extended to female employees of this Tribunal as per O.M. No.13018/4/2009-Estt.(L) dated 08/07/2009 of DOPT. To redress the grievances of women, a complaint committee has been constituted. So far, no complaint has been received by the committee.

2.7.2.6 The dynamic website of the Tribunal which started in January 2017 is fully operational with the help of NIC and is now extended to all eight Regional Benches. Cause lists are uploaded on weekly basis and Daily orders are uploaded on daily basis. Final orders are uploaded as soon as they are signed by the Members. All information concerning the Tribunal is available as required by DOPT OM No.1/6/2011 dated 15/04/2013. The NIC has undertaken the job of online filing of appeal which is first of its kind in a Tribunal. Online payment of appeal fee is also done along with it.

2.8 Authority for Advance Ruling Division

2.8.1 Customs, Central Excise & Service Tax

Settlement Commission

2.8.1.1 Highlights of the Performance and achievements of the Commission during the Year is given below:

No. of applications received (upto November,2019)	No. of applications disposed of (upto November, 2019)	Duty Settled (₹ in crores) (upto November, 2019)
257	249	243.49

2.8.1.2 Function & Working of the Organization.

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 Commission functions under the Department of Revenue in the Ministry of Finance.

The Settlement Commission has been set up to expedite recovery of Customs, Central Excise & Service Tax revenue locked up in adjudication proceedings. It offers a one-time opportunity to tax payers to make a true and full disclosure of their liabilities. Settlement Commission has also been empowered to grant immunities from penalty and from prosecution, thus offering an opportunity to tax payers to settle the disputes expeditiously.

2.8.1.3 Year-Wise Performance/achievements of the Settlement Commission: -

Year	No. of Applications Received	Disposal		
		No. of Applications Rejected	No. of Application Settled	Duty settled (₹ in Crores)
1999-2000	3	1		
2000-01	327	28	146	21.28
2001-02	559	63	153	26.64
2002-03	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	1262	208	1154	654.31
2016-17	844	174	814	1037.13
2017-18	563	116	488	428.95
2018-19	535	73	417	291.06
2019-20 (Up to Nov.19)	257	39	249	243.49

2.8.2 Income Tax Settlement Commission

2.8.2.1 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 (ADR) 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 than subjecting them to adversarial procedure inherent in regular administration of justice. This was envisaged as an institution for statutory arbitration.

2.8.2.2 The objective behind this institution is aptly summarized in the oft-quoted passage from the report of the Wanchoo Committee as under:

"This, however, does not mean that the door for compromise with an errant tax payer should forever remain closed. In the administration of fiscal laws, whose primary objective is to raise revenue, there has to be room for compromise and settlement. A rigid attitude would not only inhibit a one-time tax evader or an unintending defaulter from making a clean breast of his affairs, but also unnecessarily strain the investigational resources of the Department in cases of doubtful benefit to revenue, while needlessly proliferating litigation and holding up collections".

2.8.2.3 The Settlement Commission has seven benches as under: -

(i) One Principal Bench and Two Additional Benches at New Delhi.

(ii) Two Additional Bench at Mumbai.

(iii) One Additional Bench at Kolkata.

(iv) One Additional Bench at Chennai.

2.8.2.4 The Commission comprises Members who are appointed by the Central Government from amongst the persons of integrity and outstanding ability, having special knowledge of and experience in problems relating to the direct taxes and business accounts.

2.8.2.5 Each bench has three Members. The Principal is presided over by the Chairman and each Additional Bench is presided over by Vice Chairman. The Chairman is of the rank of a Secretary to Government of India. The Vice-Chairman and the Members are of the rank of an Additional Secretary to the Government of India. Members of the Commission are appointed from the serving Chief Commissioners of Income Tax or of equivalent rank. The senior most Member of every Bench, other than the Principal Bench is called Vice-Chairman of the respective Bench. The Chairman in the Principal Bench is appointed from amongst the serving Members of the Commission having a minimum remaining service of six months on the date of notifying the vacancy for the post of Chairman of the Commission.

2.8.2.6 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 Additional Income not disclosed before the assessing officer and the Additional Tax Payable on the Additional Income should be more than ₹ 50 lakhs in search cases and ₹ 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. An Application filed before the Commission, if admitted, is required to be disposed of by the Settlement Commission within 18 months from the date of filing of the application. The Commission has wide power of granting immunity from penalty and prosecution under the Income Tax Act, 1961 and Wealth Tax Act, 1957, which in usual course, would involve prolonged litigation between the department and the taxpayer. An order passed by the Commission is 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.

2.8.2.7 A statement showing the number of Application files and disposal of is as under:

Disposal and Pendency of cases u/s 245 D (4)				
FY	**Pendency of the cases at the Beginning of the year**	**Addition during the year**	**Disposal during the year**	**Pendency of the cases at March end**
F.Y.2016-17	598	519	541	576
F.Y.2017-18	576	478	384	670
F.Y.2018-19	670	403	461	612
F.Y. 2019-20 (till October, 2019)	612	130	306	436

2.8.3 Authority for Advance Rulings

2.8.3.1 The Authority for Advance Rulings (Income-Tax) is a quasi-judicial body under the Ministry of Finance, which is chaired by a retired Supreme Court Judge. It was established in 1993 as per the provisions of chapter XIX B of the Income Tax Act 1961 inserted by Finance Act 1993 w.e.f. 01.06.1993. 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. The scope of the Authority has been extended further vide notification dated 28.11.2014 and now a resident tax payer can also obtain advance rulings in relation of his income tax liability arising out of one or more transactions valuing rupees one hundred crore or more in total. The Authority gives rulings on transactions under the Customs Act, 1962 as well. The ruling given by the Authority is of binding nature and no further appeal against this is provided under the Act.

2.8.3.2 Central Sales Tax Appellate Authority

The Authority for Advance Rulings (Income Tax) has also been notified vide notification dated 17.03.2005 (as amended by 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 as CSTAA w.e.f. 01.03.2006.

2.8.3.3 Composition of the Authority

The advance ruling in India is rendered by an Authority constituted specifically for the purpose as the Authority for Advance Rulings. It consists of a Chairman, Member (Revenue) and Member (Law) for Principal Bench and Vice-Chairman, Member (Revenue) and Member (Law) for respective NCR Bench and Mumbai Bench. The Chairman is a Judge of the Supreme Court and the Vice-Chairman are the Judge of the High Court. The Members (Revenue) are from Indian Revenue Service (Income Tax) and Members (Law) are from the Indian Legal Service. The salaries and allowances payable to and the terms and conditions of the Members have been prescribed by the Government of India. The constitution of the Authority is such that it functions as an independent quasi-judicial body deemed to be a Civil Court for the purposes of Section 195 of the Code of Criminal Procedure, 1973.

2.8.3.4 Aims and Objectives

The basic purpose behind the constitution of the Authority is to entrust the power of giving advance rulings to an independent adjudicatory body and to ensure further that the procedure is simple, inexpensive, expeditious and authoritative. The rulings pronounced by the Authority is binding on both parties before it. The advance ruling does not have the frequent value of a judgement of High Court or Supreme Court. However, even for persons other than the applicant and the respondent, the advance ruling would be of a persuasive nature. The binding effect of the ruling is related to the transaction and not to a number of years. The ruling would remain in force so long as the transaction continues and so long as there is no change in law or facts of on the basis of which the ruling was pronounced.

2.8.3.5 Efficacy of the Authority

The functioning of the Authority has been found to be very useful particularly to the non-resident entities doing business in India. In view of the growing number of applications, two new benches of the Authority one at Delhi for National Capital Region and the other at Mumbai has been set up.

2.8.4 National Institute of Public Finance and Policy (NIPFP)

2.8.4.1 The NIPFP is a premier research organization for 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”.

2.8.4.2 The Governing Body is chaired by an Economist of Eminence and at present Dr. Vijay Kelkar, currently the Chairman of Janwani, Pune, Vice President of Pune International Centre, 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 and representatives of FICCI and ASSOCHAM on the Governing Body. There is an Academic Committee advising the Director.

2.9 Central Economic Intelligence Bureau (CEIB)

2.9.1 Organization and Functions

2.9.1.1 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.

2.9.1.2 The Bureau is headed by a Director General who is assisted by two Additional Directors General (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. At present, its working strength is 64 only.

2.9.1.3 In terms of its existing charter, the CEIB functions as-

a) The Secretariat for the Economic Intelligence Council (EIC)

b) Coordination between various agencies for coordinating action and repository of economic intelligence (ECOINT) and

c) Administers the COFEPOSA Act 1974 at Central Government Level.

2.9.1.4 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 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.

2.9.2 Training on intelligence and relevant areas for DoR:

The Bureau also organizes training programmes in premier training institutions for officers of the Department of Revenue/ Member agencies of REICs. The Bureau has taken up the task of coordinating training programmes with various specialized agencies on different subjects for upgradation of the capacity and skills of the Officers under the Department of Revenue/ Member agencies of REICs. The programmes conducted during the financial year 2019-20(upto 30.11.2019) are as under:

- Legal Aspects & Legal Matters' at National Law University, New Delhi {(i) 22nd to 26th April, 2019 & (ii) 23rd to 27th September, 2019}
- Investigating Economic Crime in Securities Market' at National Institute of Securities Markets, Mumbai (from 13th to 17th May, 2019)
- Banking Operation & Fiscal law Enforcement' at State Bank Institute of Consumer Banking, Hyderabad (from 24th to 28th June, 2019)
- Intelligence Gathering & Intelligence Tradecraft' by Intelligence Bureau at National Intelligence Academy, New Delhi {(i) 29th July to 2nd August, 2019 & (ii) 18th to 22nd November, 2019)
- Intelligence Gathering & Intelligence Tradecraft' at Cabinet Secretariat Training Institute, Gurgaon (26th to 30th August, 2019
- Forensic Accounting and Techniques of Investigation using Digital Forensic' at NADT, Nagpur (15th to 18th October, 2019).

2.10 NATIONAL COMMITTEE FOR PROMOTION OF SOCIAL AND ECONOMIC WELFARE

2.10.1 The Government of India constituted the National Committee for Promotion of Social & Economic Welfare in 1992 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 35 AC of Income Tax Act, 1961. The funding of the approved projects is through donations on which the donors are entitled to 100% deduction under the Income Tax Law.

2.10.2 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 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. So far 9 such Committees have been constituted, all headed by a retired Chief Justice of India.

2.10.3 In this context, it may be stated that Section 35AC of IT Act, as amended by the Finance Act, 2016, provides that no deduction under this section shall be allowed in respect of any assessment year on or after 1st April, 2018. Accordingly, the benefit of deduction under Section 35AC of Income tax Act was available only up to previous year ending 31.3.2017 (Assessment year 2017-18) in respect of payment made to association or institution already approved by the National Committee for carrying out any eligible project or scheme and as such no deduction u/s 35AC is available after 31.3.2017 (F.Y.).

2.10.4 In view of above, the 9th National Committee for Promotion of Social and Economic Welfare was reconstituted and subsequently notified on 31st March, 2017 and the extended tenure is till 31st March, 2020. The composition of the Committee is as follows:

S. No.	Name of the Committee Members	Designation	Place
1.	Justice Mr. R.C. Lahoti, former Chief Justice of India	Chairman	Noida, Uttar Pradesh
2.	Shri Amardeep Singh Cheema	Member	Batala, Punjab
3.	Shri Amiya Kumar Sharma	Member	Guwahati, Assam
4.	Shri Baldev Chowdhary	Member	Lucknow, Uttar Pradesh
5.	Smt. Chetna Sinha	Member	Satara Maharashtra
6.	Shri D.R. Mehta	Member	Jaipur, Rajasthan
7.	Shri Enrico Piperno	Member	Kolkata, West Bengal
8.	Shri Habib A. Fakih	Member	Mumbai, Maharashtra
9.	Prof. Naladi Samuyelu	Member	Guntur, Andhra Pradesh
10.	Dr. Naresh Gupta	Member	New Delhi
11.	Shri Sanjiv Kumar Arora	Member	New Delhi.
12.	Smt. Shameema Raina	Member	Srinagar, J&K.
13.	Smt. Shashikala Vamanan	Member	Chegalpattu, Tamil Nadu.
14.	Shri Vinayak Lohani	Member	Kolkata, West Bengal

2.10.5 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. The projects/schemes of the institutions/ organizations recommended by the National Committee and accepted by the Central Government are notified in the Official Gazette. In cases where the National Committee does not recommend the scheme or project for approval, the decision of the Committee is communicated to the applicants by the Secretariat of the National Committee.

2.11 Directorate of Enforcement

2.11.1 Introduction

2.11.1.1 The primary function of the Enforcement Directorate is administration and enforcement of the Prevention of Money Laundering Act, 2002 (PMLA) including investigation into the offence of money laundering, filing of prosecution complaint before the special court against the accused, attachment and confiscation of property involved in money laundering and carrying out international cooperation with competent authorities in foreign jurisdictions. Unlike in many other countries, in India, the Enforcement Directorate has the sole jurisdiction to investigate the money laundering cases and the Law Enforcement Agencies (LEAs) having the responsibility to investigate a "predicate offence", including the State Police Authorities, are required to make a reference to the Enforcement Directorate to examine the money laundering aspect of the criminal activity. In certain cases, the fact that a predicate offence has taken place is also obtained from publicly available sources or on receipt of information from the Financial Intelligence Unit (FIU). On receipt of the reference or information and after making certain preliminary verification, the Enforcement Directorate registers a case and initiates investigation (Enforcement Case Information Report or the ECIR) following a risk based approach taking into consideration factors such as materiality of the offence, transnational nature of the crime, complexity of the case, the larger public interest and the availability of resources.

2.11.1.2 The Enforcement Directorate is also entrusted with the implementation of the Foreign Exchange Management Act (FEMA) whose object is to consolidate and amend the law relating to foreign exchange for facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange resources. The Enforcement Directorate initiates investigations and issues Show Cause Notices (SCN) in cases where the allegations of contravention of provisions under FEMA are noticed. These SCNs upon adjudication results in imposition of penalty as well as confiscation of currency/property involved.

2.11.1.3The Enforcement Directorate has also recently been entrusted with the implementation of the Fugitive Economic Offenders Act, 2018 (FEOA). The FEOA provides for the measures to deter the fugitive economic offenders from evading the process of law in India by staying outside the jurisdiction of Indian Courts and to preserve the sanctity of the rule of law in India. Action under the said Act can be initiated against economic offenders who have left India so as to avoid criminal prosecution or who, being abroad, refuse to return to India to face criminal prosecution and the total amount involved in the economic offence is more than 100 crore.

2.11.2 Organizational Structure

2.11.2.1The Enforcement Directorate is headed by the Director, who is not below the rank of Additional Secretary to the Government of India. He is assisted in his work at the Headquarters by Principal Special Director of Enforcement and Special Director (H.O.). There are five Regional Offices located at Chandigarh (Northern Region), Chennai (Southern Region), Delhi (Central Region), Kolkata (Eastern Region) and Mumbai (Western Region) each headed by a Special Director. In addition, there is a Headquarters Investigation Unit (HIU) headed by Special Director. Currently, there are three Additional Directors posted at Headquarters Office, Delhi, Mumbai, Chennai.

2.11.2.2There are twenty-two zonal offices, headed by Joint Directors, located at Ahmedabad, Bangalore, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Jalandhar, Kolkata, Kochi, Lucknow, Mumbai, Panaji, Patna and Srinagar and thirteen sub zonal offices located at Allahabad, Bhubaneswar, Dehradun, Indore, Jammu, Kozhikode, Madurai, Nagpur, Ranchi, Raipur, Shimla, Surat, Vishakhapatnam.

2.11.2.3The Legal Wing of the Enforcement Directorate comprises of the Additional Director (Prosecution), Deputy Legal Advisors and Assistant Legal Advisors. In addition, other Law Officers/Legal Consultants/Counsels are appointed/empaneled from time to time.

2.11.2.4The organizational structure of the Enforcement Directorate is presented in the following Table:

Northern Regional Office at Chandigarh

S. No.	Zonal Office	Sub-Zonal Office	Territorial Jurisdiction
1&2	Chandigarh-I&II (CDZO)		Haryana, Himachal Pradesh, Uttarakhand, UT of Chandigarh
3		Shimla (SHSZO)	Himachal Pradesh
4		Dehradun (DNSZO)	Uttarakhand
5	Jalandhar (JLZO)		Punjab
6	Srinagar (SRZO)		Jammu & Kashmir
7		Jammu (JMSZO)	Jammu & Kashmir (6 Districts)
8	Jaipur (JPZO)		Rajasthan

Central Regional Office at New Delhi

S. No.	Zonal Office	Sub-Zonal Office	Territorial Jurisdiction
1	Delhi-I, II (DLZO)& CR		Delhi
2	Lucknow (LKZO)		Uttar Pradesh
3		Allahabad (Varanasi) (ALSZO)	Uttar Pradesh (34 Districts).
4	Patna (PTZO)		Bihar & Jharkhand
5		Ranchi (RNSZO)	Jharkhand

Eastern Regional Office at Kolkata

S. No.	Zonal Office	Sub-Zonal Office	Territorial Jurisdiction
1&2	Kolkata-I&II (KLZO)		West Bengal, Odisha, Sikkim, UT of Andaman & Nicobar Islands
3		Bhubaneswar (BBSZO)	Odisha
4			Sikkim
5	Guwahati (GWZO)		Assam, Meghalaya, Arunachala Pradesh, Nagaland, Manipur, Mizoram and Tripura
6		Agartala (AGSZO)	Tripura
7		Aizwal (AZSZO)	Mizoram
8		Imphal (IMSZO)	Manipur
9		Itanagar (ITSZO)	Arunachal Pradesh
10		Kohima (KHSZO)	Nagaland
11		Shillong (SGSZO)	Meghalaya

Western Regional Office at Mumbai

S. No.	Zonal Office	Sub-Zonal Office	Territorial Jurisdiction
1&2	Mumbai-I&II \ (MBZO)		Maharashtra
3		Nagpur (NGSZO)	Maharashtra (24 Districts)
4	Ahmedabad (AMZO)		Gujarat, Madhya Pradesh, UTs of Daman & Diu, Dadra & Nagar Haveli
5		Surat (STSZO)	Gujarat (07 Districts)
6		Indore & Bhopal (INSZO)	Madhya Pradesh
7	Panaji (PJZO)		Goa and Chhattisgarh
8		Raipur (RPSZO)	Chhattisgarh

Southern Regional Office at Chennai

S. No.	Zonal Office	Sub-Zonal Office	Territorial Jurisdiction
1&2	Chennai-I&II (CEZO)		Tamil Nadu & UT of Puducherry
3		Madurai (MDSZO)	Tamil Nadu (14 Districts)
4	Bangalore (BGZO)		Karnataka
5		Mangalore (MGSZO)	Karnataka (15 Districts)
6	Kochi (KCZO)		Kerala & UT of Lakshadweep
7		Kozhikode (KZSZO)	Kerala (7 Districts)
8	Hyderabad (HYZO)		Andhra Pradesh
9		Vishakhapatnam (VKSZO)	Andhra Pradesh (9 Districts)

2.11.2.5 The location of offices of the Enforcement Directorate all over India ensure that the money laundering offences are investigated in an effective manner and it also acts as a deterrence for the potential offenders of money launderers.

2.11.3 Offence of Money Laundering

2.11.3.1 Section 3 of the PMLA criminalizes the offence of money laundering related to a wide range of criminal offences listed in the schedule to the PMLA. These offences include participation in an organized criminal group and racketeering, terrorism and terrorist financing, illicit trafficking in narcotics drugs and psychotropic substances, illegal human trafficking, illicit arms trafficking, illicit trafficking in stolen goods, corruption and bribery, fraud, counterfeiting and piracy of products, environmental crimes, kidnapping, robbery, smuggling, extortion, forgery, piracy and insider trading and market manipulation. These offences listed in the schedule are called “predicate offences” and section 3 of the PMLA states that whoever is directly or indirectly involved or associated with any process or activity connected with “proceeds of crime” related to these criminal activity will be guilty of the offence of money laundering and is liable for punishment with rigorous imprisonment of three to ten years under section 4 of the PMLA.

2.11.3.2 The scope of section 3 has been widened over the years following a risk based approach to ensure that each and every kind of money laundering offence is covered under the provision and the "proceeds of crime" are not enjoyed with any person who could in any way connected to the underlying criminal activity. Through the Prevention of Money Laundering (Amendment) Act, 2012, section 3 was amended in the following manner with effect from 15th February, 2013:

> *"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of the offence of money laundering."*

In addition, through the Finance (No. 2) Act, 2019, the following Explanation was added in section 3 of the PMLA with effect from 1st August, 2019:

> *Explanation—For the removal of doubts, it is hereby clarified that—*
>
> *(i) a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely:*
>
> *(a) concealment; or*
>
> *(b) possession; or*
>
> *(c) acquisition; or*
>
> *(d) use; or*
>
> *(e) projecting as untainted property; or*
>
> *(f) claiming as untainted property,*
>
> *in any manner whatsoever;*
>
> *(ii) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.".*

2.11.3.3 Thus, after this amendment, it is not necessary that for committing an offence of money laundering, the person concerned should project or claim the proceeds of crime as untainted property, it is enough if he is directly or indirectly involved in any process of activity connected with the proceeds of crime including its concealment, possession, acquisition or use. Thus, the definition of the offence of money laundering is in full compliance with Article 3(1)(b) and 3(1)(c) of the Vienna Convention and Article 6(1) of the Palermo Convention.

2.11.3.4 Further, it has been clarified that the money laundering cannot be interpreted as a one-time, instantaneous offence that ceases with the concealment or possession or acquisition or use or projection of the proceeds of crime as untainted property or claiming it as untainted. A person shall be considered guilty of the offence of money laundering for as long as the said person is enjoying the "proceeds of crime".

2.11.3.5 The offence of money laundering applies to "whosoever" and thus includes a person who commits the predicate offence, if that person is knowingly involved in the laundering of the proceeds and thus the offence of "self-laundering" is covered in the definition. The term "whosoever" in its generality also covers any "person" which is defined in section 2(s) of the PMLA to include an individual and all forms of companies, firms, associations and legal persons, which includes laundering by third parties. Thus, the legal persons are also covered and are liable to be fined under the provisions of PMLA. Section 70 of the PMLA provides that where the violation of the Act is committed by a company, both the company and the individuals in charge of the company will be deemed to be guilty of that contravention unless they did not have the knowledge of contravention or they have exercised all due diligence to prevent it.

2.11.3.6 The term "proceeds of crime" has been defined in section 2(u) of the PMLA to mean any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property or where such property is taken or held outside the country, then the property equivalent in value held within the country or abroad. It may be noted that the provision for equivalent value of property held within India, which may be attached/confiscated by Enforcement Directorate, if the proceeds of crime is taken or held outside India was introduced through the Finance Act, 2015, with effect from 14th May, 2015, and its scope was further widened to property held abroad through the Finance Act, 2018, with effect from 19th April, 2018.

2.11.3.7 Through the Finance (No. 2) Act, 2019, the following Explanation was added in section 2(u) of the

PMLA with effect from 1st August, 2019:

> *"'Explanation.—For the removal of doubts, it is hereby clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence;'."*

Thus, the scope of the expression "proceeds of crime" has been widened significantly and would not only include properties derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence. Thus, the money laundering offences can be investigated independently without necessarily requiring investigation of predicate offence.

2.11.3.8 It may be noted that the term "property" has also been defined widely in section 2(v) of the PMLA and means any property or assets of every description, whether corporeal or incorporeal, movable or immovable, tangible or intangible and includes deeds and instruments evidencing title to, or interest in, such property or assets, wherever located. Through the Prevention of Money Laundering (Amendment) Act, 2012, an Explanation has been added in section 2(v) and it has been clarified for the removal of doubts that the term "property" includes property of any kind used in the commission of an offence under the PMLA or any of the scheduled offences.

2.11.3.9 A wide range of criminal offences have been listed in the schedule to the PMLA and are the "predicate offence" for the purposes of investigation of the offence of money laundering and attachment/confiscation of the proceeds of crime. The list of predicate offences under the PMLA have been expanded over the years based on a Risk Based Approach and the same has been summarized below:-

Sl. No.	Amending Act	Modification in the Scheduled Offence
1.	The Prevention of Money-Laundering Amendment Act, 2009 w.e.f. 1.6.2009	Addition of Part C in the Schedule to include an offence of cross-border implications and which are specified in Part A of the Schedule and the offences against property under Chapter XVII of the Indian penal Code
2.	Finance Act, 2015 (w.e.f. 14.5.2015)	Addition of Section 132 of the Customs Act, 1962, relating to false declaration, false documents etc. with a monetary limit of ₹ 10 million
3.	Finance Act, 2018 (w.e.f. 19.4.2018)	Addition of Section 447 of the Companies Act, 2013 relating to Punishment for Fraud
4.	Black Money (Undisclosed Foreign Income and Assets) Imposition of Tax Act, 2015 w.e.f. 1.7.2015	Section 51 of the Black Money (Undisclosed Foreign Income and Assets) Imposition of Tax Act, 2015

2.11.3.10 In addition, the PMLA was amended through the Prevention of Money Laundering (Amendment) Act, 2009 with effect from 1st June, 2009, to add Part C in the schedule to provide that the predicate offence would include all the offences specified in Part A and also the offences against property under Chapter XVII of the IPC, if the offence has a cross-border implication. Offences of cross-border implications means any conduct by a person outside India which constituted an offence at that place and which would have constituted an offence specified in the schedule to the PMLA had it been committed in India and if such person transfers in any manner the proceeds of such conduct or part thereof to India. Thus, the predicate offences for money laundering also extend to conduct that occurred in another country which constitutes an offence in that country and which would have constituted a predicate offence had it occurred domestically. Accordingly, if the proceeds of crime relate to drug trafficking in a foreign jurisdiction and the same is laundered in India, action can be taken under the provisions of the PMLA including attachment/ confiscation of properties.

2.11.3.11 An amendment in section 44 of the PMLA was also carried through the Finance (No. 2) Act, 2019, to clarify for the removal of doubts that the jurisdiction of the Special Court, while dealing with an offence under the PMLA, will not be dependent upon any order passed in respect of the schedule offence. Thus, even if an accused is discharged/acquitted from scheduled offence, the trial for the offence of money laundering will continue. This also means that while proving the property is the proceed of crime, it is not necessary that a person be convicted of a predicate offence. It has also been clarified through Finance Act (No. 2) of 2019, for the removal of doubt, that the offence of money laundering is cognizable and non-bailable offences and thus the officers of the Enforcement Directorate have the powers to arrest subject to certain conditions.

2.11.4 Attachment and Confiscation

2.11.4.1 Section 5 of the PMLA provides that where the Director, Enforcement Directorate, or any other officer not below the rank of Deputy Director authorized by him, has reason to believe (the reason for such belief to be recorded in writing), on the basis of material in his possession, that (a) any person is in possession of any proceeds of crime and (b) such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceedings relating to confiscation of such proceeds of crime, he may, by order in writing, provisionally attach such property for a period not exceeding 180 days from the date of the order.

2.11.4.2 After the attachment, the officer concerned is required to forward a copy of the attachment order along with the material in his possession to the Adjudicating Authority for adjudication. The attachment will cease to have effect after the expiry of 180 days or after the order of adjudication, whichever is earlier. The period of stay by the High Court, however, shall be excluded for computing the period of 180 days. During the period of attachment, however, the persons interested in the enjoyment of the immovable property so attached is not prevented from such enjoyment.

2.11.4.3 Section 17 of the PMLA gives power to Director, Enforcement Directorate , or any other officer authorized by him not below the rank of Deputy Director, to carry out search and seizure operation and seize any record or property found during the search. If it is not practicable to seize such record or property, the officer concerned may make an order to freeze the property prohibiting its transfer. Section 18 of the PMLA gives powers to the officers of Enforcement Directorate to search a person and seize any property. In the case of seizure/freezing under sections 17 and 18 of the PMLA, the authorities concerned are required to make an application to the Adjudicating Authority for retention of such record or property or for continuing the order of freezing.

2.11.4.4 The Adjudicating Authority is a quasi-judicial body comprising of a Chairperson and two other members. On receipt of a complaint under sections 5 or 17 or 18 of the PMLA, if the Adjudicating Authority has reason to believe that any person has committed an offence under section 3 of the PMLA or is in possession of proceeds of crime, it may serve a notice of not less than 30 days on such person calling upon him to indicate the sources of his income, earning or assets, out of which or by means of which he has acquired the said property, the evidence on which he relies and other relevant information and particulars, and to show cause why all or any of such properties should not be declared to be the properties involved in money-laundering and confiscated by the Government.

2.11.4.5 The Adjudicating Authority after taking into consideration the above reply, hearing the aggrieved person(s) and the officers of the Enforcement Directorate, and after taking into account all relevant material, records a finding whether the properties are involved in money laundering.

2.11.4.6 After the Adjudicating Authority decides that the property is involved in money-laundering, it confirms the order of attachment/freezing and gives a finding that the attachment shall continue during the investigation for a period not exceeding 365 days or during the pendency of the proceeding related to any offence under the PMLA before a Court, including foreign Courts. Thus, after the order of the adjudicating authority, the attachment/freezing continues during the investigation and will also continue after filing of a prosecution complaint till the matter is finally decided by the Court.

2.11.4.7 The order of confiscation is passed by the Special Court under section 8(5) of the PMLA after conclusion of the trial for the offence of money laundering and all rights and title in the property vest absolutely in the Central Government free from all encumbrances. However, after the confirmation of the attachment/freezing by the Adjudicating Authority, a quasi-judicial body, it is provided in section 8(4) of the PMLA that the officers of the Enforcement Directorate will take possession of the property attached and thus it is ensured that the offenders do not enjoy the "proceeds of crime". Thus, after confirmation of attachment/freezing by the Adjudicating Authority, it no longer remains only a "provisional measure" as the property is not available to the criminals.

2.11.4.8 Any person aggrieved with the order of Adjudicating Authority, including the officers of the Enforcement Directorate, can file an appeal within 45 days before the Appellate Tribunal, another quasi-judicial authority under section 26 of the PMLA and the Appellate Tribunal after giving the parties to the appeal an opportunity of being heard may pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against. Any person aggrieved with the order of Appellate Tribunal may file an appeal to the High Court within 60 days on any question of law or fact arising out of such order.

2.11.5 Investigation, Prosecution and Conviction

2.11.5.1 Under the PMLA, the officers of the Enforcement Directorate have wide range of powers to investigate the offence of money laundering and for attachment/freezing and confiscating the proceeds of crime. These include powers of summons, survey, search and seizure, search of persons, arrest etc. The officers of various other departments such as officers of CBIC, CBDT, police, RBI, SEBI, IRDA etc. are empowered and required to assist the officers of the Enforcement Directorate in the enforcement of PMLA.

2.11.5.2 After registering the complaint, at the first instance, the officers of Enforcement Directorate identify, quantify and trace the "proceeds of crime". They also collect the evidence relating to the commencement of the offence, which may comprise of information received from predicate agency on parallel financial investigation, examination of accused, other persons associated with the offence and third parties, reduction of their statement in writing, carrying out survey and search etc. They provisionally attach the properties identified as "proceeds of crime" and file a complaint before the Adjudicating Authority. In appropriate cases, joint investigation in collaboration with the predicate agency is also conducted.

2.11.5.3 After carrying out the necessary investigation, the Enforcement Directorate also file a Prosecution Complaint before the Special Courts constituted under section 43 of the PMLA, who takes cognizance of the offence of money laundering committed under section 3 of the PMLA. After trial in the Special Court, the accused is convicted and is punished in accordance with section 4 of the PMLA.

2.11.6 International Cooperation

2.11.6.1 When proceeds of crime related to offence committed in India, is transferred in foreign jurisdictions, or when accused person(s) has escaped from India, after committing the offence of money laundering or part of it or the offence itself has been committed outside the country or the witnesses and other material evidence are available in another country, it may be necessary to gather information or conduct formal investigation abroad.

2.11.6.2 Generally, the basis for seeking Mutual Legal Assistance from a Contracting State is the Mutual Legal Assistance Treaty in Criminal Matters (MLAT). As of now, India has signed MLAT with 39 countries. Mutual Legal Assistance can also be sought on the basis Multilateral Treaties, such as, United Nation Convention against Corruption (UNCAC) or United Nation Convention on Transnational Organized Crime (UNCTOC). Where there is no such treaty the request can be made on the basis of mutual assurance of reciprocity. These requests are normally made through the Special Courts under section 57 of the PMLA although under the MLAT or the multilateral treaties, the requests need not be routed through the Courts.

2.11.6.3 If an order of attachment/freezing/confiscation has been issued by the officers of the Enforcement Directorate and the said property is suspected to be in a foreign jurisdiction, the Special Court may issue a letter of request to a court or an authority in the foreign jurisdiction for execution of such order.

2.11.6.4 The Enforcement Directorate also provides assistance to foreign jurisdictions and investigates the offence of money laundering by carrying out necessary inquiries if a request is received from a Court or authority in the said foreign jurisdiction. It may also attach, seize, freeze, or confiscate the property in India derived or obtained, directly or indirectly, by any person from the commission of an offence under the corresponding law committed in the foreign jurisdiction if a request is received from a Court or authority in the said foreign jurisdiction.

2.11.7 Performance of Enforcement Directorate in the area of PMLA

The work done by Enforcement Directorate in the area of PMLA is summarized in the following Tables:

Table 1: ECIRs Recorded, Attachments Made and Prosecution Complaints filed

Topic	01.07.05 to 31.03.12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 (up to 30.11.19)	Total
No. of cases recorded (ECIR)	1437	221	209	178	111	200	148	195	109	2808
No. of PMLA Prosecution Complaints filed	38	11	55	69	74	101	103	216	58	725
No. of Provisional Attachment Orders (PAOs) issued	131	65	130	166	105	180	196	181	97	1251
No. of PAOs confirmed	108	52	57	138	117	118	179	187	90	1046
Value of Assets under attachment (₹ in crore)	1215	2358	1773	3657	2000	11032	7432	15490	22606	67564
Value of assets under PAO confirmed by Adjudicating Authority (₹ in crore)	9601	326	1395	2151	2952	9189	5086	13175	3205	38440

After the Provisional Attachment is confirmed by the Adjudicating Authority wherein it is held that the property is involved in money laundering, the Enforcement Directorate takes possession of the property and the offenders do not enjoy the property and thus it no longer remains a "provisional measure"

Table 2: Number of summons issued, searches conducted and persons arrested under PMLA

Financial Year	Number of summons issued	Number of searches conducted under PMLA	Number of persons arrested
2016-17	4567	226	31
2017-18	5837	368	38
2018-19	9175	519	24
2019-20 (till 30.11.2019)	6991	311	30

Table 3: Money Laundering Investigation (ECIR) under different categories of offences (as on 31.03.2019)				
Category of Offence	**Corresponding provisions under the predicate Act**	**Number of cases investigated**	**Number of cases prosecuted**	**Amount of proceeds seized or frozen/ attached (Amount in Crores)**
Offences related to Illicit Trafficking in Narcotics Drugs & Psychotropic Substances	NDPS Act	295	21	132.57
Offences against the State	IPC 121-121B	8	2	0.25
Offences relating to Counterfeiting	IPC 255-260	0	0	0
Offences relating to Murder, Grievous Bodily Injury, Kidnapping, Extortion, Stealing, Robbery etc.	IPC 302-414	59	12	402.21
Offences related to Cheating, Fraudulent Deeds and Disposition of Property, Forgery etc. (IPC 417-488)	Bank fraud	251	89	14,980.29
	Siphoning of Government Funds	108	33	545.31
	Ponzi Scheme/ Duping of Investors	102	48	3802.85
	Others	465	131	10,088.72
Offences relating to Currency Notes and Bank Notes	IPC 489A-489B	115	6	5.18
Offences related to Illicit Arms Trafficking	Arms Act, 1959	72	18	139.63
Offences relating to unlawful activities of individuals and associations and dealing with terrorist activities	Unlawful Activities Prevention Act, 1967, Explosive Substances Act,1908	84	21	254.63
Offences relating to wildlife including poaching, smuggling and illegal trade in wildlife and its derivatives	Wildlife Protection Act,1972	11	3	0.85
Offences relating to Trafficking in person	Immortal Traffic Prevention Act, 1956, Juvenile Justice (Care & Protection of Children) Act, 2000	6	4	4.52
Offences related to corruption in government agencies and public sector businesses in India.	Prevention of Corruption Act, 1972	566	210	14,035.95
Offences relating to smuggling and fraudulent commercial activities in the antiques & sculptures	Antiquities & Art Treasure Act, 1972	3	1	43.30
Offences relating to use of manipulative and deceptive devices in trading, insider trading and substantial acquisition of securities or control	Securities & Exchange Board of India Act, 1992	5	1	11.99
Offences relating to evasion of duty or prohibitions imposed under the Customs Act.	Customs Act, 1962	12	4	62.13

Offences relating to bonded labour and child labour	Bonded Labour System (Abolition Act), 1976 and Child Labour (Prohibition and Regulation) Act, 1986	1	1	0.11
Offences relating to Copyright and Trademark	Copy Right Act, 1857 and Trade Marks Act, 1999	4	2	18.23
Offences relating to breach of confidentiality and privacy	Information Technology Act, 2000	1	1	0
Offences relating to Environmental Crime	Biological Diversity Act, 2002, Protection of Plant Varieties and Farmer's Rights Act, 2001	1	0	0
Offences relating to discharging environmental pollutants, etc., in excess of prescribed standards	Environment Protection Act, 1986 and Water Prevention & Pollution	6	2	13.19
Offences relating to emigration and passport violations	Emigration Act,1983, Foreigners Act, 1946 and Passport Act,1967	5	2	9.20
Offences where the categorization of the predicate offence is not evident/other offences		519	55	407.16
Total		2699	667	44,958.31

2.11.8 Performance of Enforcement Directorate in the area of FEMA

The work done by Enforcement Directorate in the area of FEMA is summarized in the following Tables:

Table 4: Investigations under FEMA				
Financial Year	**Investigation initiated**	**SCN issued**	**SCN adjudicated**	**Penalty imposed (₹ in crores)**
2016-17	1993	538	693	40.65
2017-18	3627	791	868	178.80
2018-19	2661	844	769	1905.18
2019-20 (up to 30.11.2019)	1946	380	326	355.87

Table 5: Number of summons issued and searches conducted under FEMA		
Financial Year	Number of summons issued	Number of searches conducted under FEMA
2016-17	3240	222
2017-18	4156	126
2018-19	6102	151
2019-20 (till 30.11.2019)	5669	101

2.11.9 Performance of Enforcement Directorate in the area of Extradition and RCN

The Enforcement Directorate has made requests for publishing of Red Corner Notice (RCN) in respect of 28 persons, out of which RCN has been published in respect of 17 persons. A total of 28 Extradition requests have been sent to various countries in respect of 20 individuals. The year wise details are presented in the following Table:

Table 6: Red Corner Notice (RCN) and Extradition

Financial Year	**No. of RCN request made**	**No. of Extradition requests made**
2015-16	2	0
2016-17	0	0
2017-18	7	5
2018-19	17	17
2019-20 (till 30.11.2019)	2	6

2.11.10 Special Focus on Terror Financing

2.11.10.1 The Enforcement Directorate gives special focus on investigation of terror financing cases. The terrorism cases under UAPA are investigated and prosecuted by the National Investigation Agency (NIA) under the NIA Act, 2008. However, the State Police Authorities also investigate the terrorism cases under UAPA and also under various provisions of the IPC.

2.11.10.2 The focus of investigation by the Police Authorities are normally on criminal investigation such as from where the arms have been received, how the conspiracy has been hatched, who was the mastermind, what was the plot, what was the motive, who were involved etc.

2.11.10.3 The Enforcement Directorate, after a reference is made to it by the police authorities, carries out the financial investigation, including from where the funds have been received, how the funds were layered into the banking channels, and if not through banking channels, whether it was from Hawala or Barter Trade or Trade Based Money Laundering. It also investigates, how and to whom the funds were distributed and if the funds have been invested in some property, whether the property still exits or is liquidated. Once the property is identified, the Enforcement Directorate provisionally attaches the property and then takes possession after confirmation by the Adjudicating Authority. If the property is liquidated, equivalent amount of property, whether in India or abroad, is attached.

2.11.10.4 During investigation of cases related to terror financing by the Enforcement Directorate, it has been found that the terrorists use a number of methods of funding including the following:-

- Banking channels by receipt of foreign remittances
- Authorized money transfer services such as Western Union
- Hawala Payments
- Donations to NPOs/Social Welfare Organizations
- Barter Trade
- Fake Indian Currency Notes

2.11.11 Other Initiatives

Other initiatives taken by the Enforcement Directorate includes the following:

(a) Swachch Bharat Abhiyan launched by the Hon'ble Prime Minister on 2nd October, 2014 is being vigorously followed by Enforcement Directorate. On 2nd October, 2019, a pledge ceremony was organized across all offices of the Enforcement Directorate where all the officers and staff members took pledge to keep our nation 'Swachch'. 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) A Vigilance Awareness Week was also organized by the Directorate during 28th October to 2nd November, 2019 to create awareness among staff to check corruption at every level so that a corruption free society could be attained.

(c) International Day of Yoga was celebrated on 21st June, 2019 by all the offices of this Directorate. All the officers / officials of the Directorate participated with enthusiasm and zeal.

2.12 Financial Intelligence Unit – India (FIU-IND)

2.12.1 Background and function of FIU-IND

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.

2.12.2 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 PMLA 2002 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.

2.12.3 Highlights of the Performance/ achievements during 2019-20 from 01 April 2019 to 30 November 2019

i. Collection of information (01 April 2019 to 30 November 2019): -

a. 1,05,41,022 Cash Transaction Report (CTRs) received.
b. 2,74,413 Suspicious Transaction Reports (STRs) received.
c. 1,66,270 Counterfeit Currency Reports (CCRs) received.
d. 6,41,804 NPO Transaction Report (NTRs) received.

ii. Analysis and dissemination of information (01 April 2019 to 30 November 2019): -

a. 7,85,703 STRs processed.
b. 20,451 STRs disseminated.

iii. Collaboration with domestic Law Enforcement and Intelligence Agencies (01 April 2019 to 31 October 2019): -

a. Regular interaction and exchange of information.
b. Received 1114 requests for information from intelligence and Law Enforcement Agencies.
c. Provided information in 798 cases requested by the agencies.

iv. Regional and global AML/CFT efforts (01 April 2019 to 30 November 2019): -

a. 85 requests received from foreign FIUs during 01.04.2019 to 30.11.2019.
b. 364 requests sent to foreign FIUs during 01.04.2019 to 30.11.2019.

v. Increasing awareness about money laundering and terrorists financing (01 April 2019 to 30 November 2019): -

a. 24 Programmes for training REs were conducted in which 686 participants participated.
b. 23 Review meetings at FIU-IND were held in which 128 participants participated.
c. 21 Training Programmes for training LEAs were conducted in which 577 participants participated.
d. 08 meetings with LEAs were conducted in which 783 participants participated.

vi. Strengthening legislative and regulatory framework:

a. Regular interaction with the Department of Revenue and Regulators.
b. Suggestions received from stake holders or through Department of Revenue for amendments to the Prevention of Money Laundering Act, 2002 and the PML (Maintenance of Records) Rules, 2005 were dealt with.
c. Participated in proceedings of the AML Steering Committee for evolving Risk based approach and framing of the National ML/ TF Risk Assessment.

vii. Strengthening IT information:

a. Initiation of Project FINnet 2.0
b. Designation and Conceptualization of FINnet 2.0 features and initiation of tendering process.

3. Central Board of Indirect Taxes and Customs

3.1 Goods & Services Tax

Following decisions have been implemented/ proposed to be implemented during 2019-20:

i. Threshold limit for exemption from getting registration under GST have been increased. Now there are two threshold limits for exemption from registration and payment of GST for the suppliers of goods i.e. Rs 40 lakhs and Rs 20 lakhs. States have an option to decide about one of the limits. Accordingly, in all States and Union Territories other than Kerala, Telangana, Puducherry, Meghalaya, Mizoram, Tripura, Manipur, Sikkim, Nagaland, Arunachal Pradesh and Uttarakhand, the exemption threshold for goods supplier is Rs. 40 lakhs. The threshold for registration for service providers continues to be Rs 20 lakhs and in case of Special category States Rs 10 lakhs.

ii. A composition scheme was made available for suppliers of services (or mixed suppliers) having an annual turnover in preceding financial year up to Rs 50 lakhs, with a tax rate of 6% (3% CGST + 3% SGST).

iii. The eligibility for availing composition scheme for goods has been increased from Rs. 1 Crore aggregate turnover in the preceding financial year to Rs 1.5 Crore. The limit remains unchanged at Rs.75 lacs for North Eastern states & Uttarakhand.

iv. Completely automated new refund system has been introduced w.e.f. 26.09.2019 wherein the filing, processing, sanction and disbursal of refunds is online without any physical interface between the claimant and the sanctioning/disbursing authority.

v. Alongwith this fully automated system, the disbursement is now single source wherein Central Government disburses refund amount to the taxpayers in respect of State taxes as well. The claimant thus does not need to wait to get refund from two authorities.

vi. Composition taxpayers need not file quarterly returns w.e.f. 01.04.2019. They are now required to pay tax quarterly and file their returns annually.

vii. Online Information and Database Access or Retrieval (OIDAR) registrants have been exempted from furnishing annual return and reconciliation statement since they are not required to maintain accounts in India.

viii. To dissuade non-filers of returns, provision of Rule 138E to block generation of e-way bill for those suppliers who fail to furnish GST returns for 2 consecutive tax periods has come into force from 21.11.2019.The unblocking of this facility is automatic on filing returns but can also be triggered by the taxpayers after filing returns.

ix. Facility of single unified cash ledger is being extended to the registered person which would allow them to transfer an amount from one (major or minor) head to another (major or minor) head in the electronic cash ledger.

x. Interest on delayed payments will now be only on the net cash tax liability in specified cases. Amendments to this effect have been made in the CGST Act but the same is yet to be given effect as similar amendments in all the SGST Acts are awaited.

xi. Provisions have been made in the CGST Act 2017 regarding constitution, qualification, appointment, tenure, conditions of services of the National Appellate Authority for Advance Ruling; to hear appeals against conflicting advance rulings pronounced on the same question by the Appellate Authorities of two or more States or Union territories in case of distinct persons.

xii. The tenure of National Anti-Profiteering Authority has been extended by another two years. Further, it has been provided that National Anti-Profiteering Authority may impose penalty equivalent to 10% of the profiteered amount.

xiii. Filing FORM GSTR-9A for Composition Taxpayers and filing of FORM GSTR-9 for the taxpayers who (are required to file the said returns) have aggregate turnover up to Rs. 2 crores have been made optional for the FY 2017-18 and 2018-19.

xiv. For taxpayers, having aggregate turnover of > Rs. 2 crores, who are required to file FORM GSTR-9/9C for FY 2017-18 and FY 2018-19, several fields have been made optional for these years which is expected to make the process of filing these returns much simpler. Accordingly, Notification No. 56/2019-Central Tax dt. 14-11-2019 has been issued. The last date of filing FORM GSTR9 & 9C for FY 2018-19 has been extended to 31.03.2020.

xv. As the GST Appellate Tribunal are yet not functional, a removal of difficulty order has been issued to provide that the limitation period would count from the time when the president or state president enters office.

xvi. In order to nudge taxpayers to timely file their statement of outward supplies, restrictions have been imposed on availment of input tax credit by the recipients in cases where details of outward supplies have not been furnished by the suppliers in the statement under section 37 of the CGST Act, 2017.Accordingly, Notification No. 49/2019-Central Tax, dated 09-10-2019 has been issued to amend Rule 36(4) in the CGST Rules, 2017 to give effect to this restriction.

xvii. Suitable amendments have been made in the CGST Act, UTGST Act, and the corresponding SGST Acts in view of creation of UTs of Jammu & Kashmir and Ladakh.

xviii. Steps have been initiated to link Aadhar with registration of taxpayers under GST and examine the possibility of making Aadhar mandatory for claiming refunds as well to weed out fraudulent registrations and refund claimants.

xix. Keeping in view, the Government's objective of transparency and accountability in indirect tax administration through widespread use of information technology, CBIC has w.e.f. 08.11.2019 introduced Document Identification Number (DIN), for all communications sent by its offices to taxpayers and other concerned persons. Presently DIN is applicable for search authorization, summons, arrest memos, inspection notices and letters issued in the course of any enquiry.

Decisions proposed to be implemented w.e.f. 01.04.2020:

i. The Government has decided to roll out the new return system from April, 2020 onwards which is a much simpler form. However, GST New Return Offline Tool has been released on trial basis on the GST Portal **and the taxpayers are being encouraged to try the utility and provide feedback.** A nationwide stakeholder feedback exercise was conducted in this regard on 07.02.2019 in 26 cities at 210 venues covering all states of India where 21857 stakeholders provided feedback on the new return system.

ii. The Government has decided to introduce electronic invoicing system in a phase-wise manner for B2B transactions. E-invoicing is a rapidly expanding technology which would help taxpayers in backward integration and automation of tax relevant processes. It would also help tax authorities in combating the menace of tax evasion. E-invoicing shall be made mandatory for the taxpayers with annual turnover of 100 crores w.e.f. 01.04.2020. **However, e-invoicing is proposed to be rolled out on voluntary basis from January 2020.**

iii. The Government has also decided to introduce the invoices with dynamic QR code in respect of B2C transactions for the taxpayers with annual turnover more than 500 crores which would allow the customers to make payment through online payment gateways. The scheme is proposed to be rolled out on voluntary basis from 01.03.2020 and is proposed to be made mandatory w.e.f. 01.04.2020.

Rationalization of tax rates:

A. General policy direction as regards Customs duty rates to give impetus to economic growth:

A1. In recent years, the Customs duty rate structure has been guided a conscious policy of the government to-

- Incentivize domestic value addition under make in India initiative, which *interalia* envisages imposition of lower duty on raw materials and providing reasonable tariff barrier on goods being manufactured in India;
- Put in place phased manufacturing plan in respect of significant products like mobile phone, other electronic goods like TVs, electric vehicles, batteries, solar panel etc. The BCD rate are calibrated in such a manner that encourages deepening of value addition gradually. For example, in respect of mobile phones, initially the parts were placed under nil BCD while duty was imposed on mobiles. Gradually, duty has been raised on parts in phased manner as their production began in India.
- Providing level playing field to farmers with adequate tariff barrier on agricultural produce.
- Have a graded duty structure so as to avoid duty inversion on value added products.
- Calibrated customs duty structure in such way that incentivizes investment in key areas like petroleum exploration, electronic manufacturing etc.
- Strategic imports like defense goods not

produced domestically are allowed imports at concessional duty.

- The import of non-essential items is discouraged.
- To prescribe trade remedial duties, like anti-dumping duty, CVD, safeguard duty on dumped and subsidized imports causing injury to the domestic industry.
- Encourage exports, by making available the raw material without the imposition of customs duty and allowing refunds of duty/ taxes on inputs, besides fiscal incentives. Prominently, gems and jewelry sector, textiles, pharma, leather goods, electronics, fisheries, agriculture have been benefitted by such initiatives relating to exports.

A2. Basic Customs Duty structure consequent to adoption of the above guiding principles for inducing economic growth in India:

- The basic customs duty rates in general are Nil/2.5%/5%/7.5% on the inputs/ intermediate products [industrial chemicals, ores and concentrates, fuels, textile fibres and yarns etc] used in industries for manufacturing.
- Finished items of consumption attract higher duty, e.g., items like mobile, television, air-conditioner, refrigerators, washing machine, furniture, jewelry, including imitation jewelry, watches, toys attract 20% BCD. Footwear, certain textile articles etc attract BCD at the rate of 25%. **(Details at Appendix 'B')**.
- The BCD has been increased in past few budgets on items like oils, pulses, wheat, sugar, fruit juices, edible oils and miscellaneous edible preparation to safeguard the interest of farmers.
- Concerted efforts have been made to remove inversions in duty structure. Tariff Commission and DPIIT examines the issues of inversion/ negative effective protection to the domestic industry. In majority of cases Tariff Commission did not find any inversion. Appropriate corrections made in few cases recommended by them. The inversion now being spoken about essentially emanates from FTA and ITA, the review of which lies in the domain of Department of Commerce.

A3. Import basket and volumes

Decription	18-19 (M$)	18-19 [Apr_Sep] M$	19-20 [Apr_Sep] M$	%growth [19-20] Apr_Sep
Petroleum, coal	167860	83640	77358	-7.5
Precious metals/stones	64707	34465	29694	-13.8
Electronics, IT	52035	27569	27232	-1.2
Machinery	43832	22668	23083	1.8
Organic Chem	22388	11621	10857	-6.6
Polymers, plastic goods	15190	7786	7555	-3.0
Iron & steel	12575	6367	6413	0.7
Edible oils	9992	5390	4833	-10.3
Medical &Sci equip	9628	4755	4653	-2.2
Aircraft & parts thereof	7615	3595	3803	5.8
Inorganic chem	7612	3954	3362	-15.0
Fertilizers	6662	3454	3714	7.5
Auto & parts	6153	3241	2787	-14.0
MiscChem, pesticides etc	5814	2969	3142	5.8
Ships, dredgers etc	5791	1556	865	-44.4
All other items	76120	38599	37279	-3.4
Total imports	513974	261628	246630	-5.7
Source: CBIC/Exim Database-DOC				

A. The Goods and Services Tax:

B1. Evolution of GST- An instrument of economic development

- GST was rolled out with effect from 1st July, 2017 with a motto of "One Nation One market, One Tax". It consolidated a myriad and complex rate structure with multitude of rates, varying with states, local bodies etc., and with huge cascading into one tax and a simplified procedural regime. The scale of reform was gigantic and the law and regime evolved in an inclusive way. There has been extensive participation of all stake holders.
- One common tax across the length and breadth of the country, while ensured that all inter-state trade barrier had gone, logistic became efficient with turn -around time transport decreasing significantly, cascading of taxes gone and a transparent, neutral, efficient tax regime coming into existence, it also evoked huge response as the entire nation looked at the taxes exactly the same way. Council responded swiftly, glitches have been addressed quickly and necessary changes were made timely. Procedural glitches were addressed at fast pace.
- While continuous improvements are being made in an extremely responsive way in GST, never the less it has been a defining and unprecedented tax reform in India.
- In certain opinions it has been argued that manner of implementation of GST may have had certain adverse impact. However, these views /opinions were not based on any sound fundamental study ignoring the benefits accrued to trade and consumer on account of single tax across country, uniform automated business processes, removal of check post at borders, logistic becoming efficient, lower of effective tax rates, tax incidence going down almost on all supplies. Creating a single common tax with uniform law and procedure in such a diverse country in itself is such a gigantic reform.
- It has also been argued that the present rate slabs are too many and that GST compliance needs a substantial simplification. The GST rate structure has evolved with extensive deliberations in GST Council and the four rate structure is a huge simplification over the multitude of taxes and cess with multiple state wise rates. GST rate structure has been further simplified after roll out of GST. 28% slab has been pruned by 90% and now only a handful item, most of which being luxury or sin goods remain in 28% slab.

B2. Evolution of GST rate structure

- The GST rates on goods and services were initially fitted into 4 slabs i.e 5%, 12%, 18% and 28%, largely based on the Pre-GST indirect tax incidence both of Centre and States, including the embedded taxes. The GST rates were fixed based on the pre-GST tax incidence. However, 28% rate slab has since then been pruned considerably (229 commodities to 29 commodities now). 28% list now has tobacco products, automobile, auto parts, cement and certain white goods like air conditioners, large TVs.
- The GST Council has reviewed the rates in a number of its meetings and has suggested revision in the GST rates on around 400 commodities and 77 categories of services, since July 2017 **(List attached as Appendix 'C').** These rate rationalizations have reduced the cost to the consumers thus increasing the, purchasing capacity/ consumption.

B3. GST rate on auto and auto parts

- GST rate structure on auto and auto parts has been discussed and debated significantly in last few months. Auto sector contributes significantly to GST revenue. Therefore, any change in GST rate of automobiles and parts will have a significant implication to revenue and compensation requirement. The GST rates on auto sectors has been discussed in the GST Council. The Council did not recommend any change. It was felt that temporary auto slowdown may be attributable to certain other reasons such as lack of credit, base effect (as in last few years auto sector has grown rapidly), and structural changes like adoption of newer fuel standards from BS-IV to BS-VI from April 20 etc.
- **GST on electric vehicle**: to promote clean and sustainable environment friendly vehicles, the government has reduced the GST rate on Electric Vehicles and Electric Vehicle Chargers to 5%.

C: Central excise duty on Diesel and petrol

C1. The revenue contribution by way excise duty/ cesses of petroleum sector to central exchequer in 2018-19 was 2,31,000 crore rupees. The central excise duty rates on petrol and diesel are calibrated from time to time taking into account the crude prices and the exchange rate. The excise duty rates were on petrol and diesel were reduced by Rs 2 per litre in Oct 2017, and by Rs 1.5 per litre in Oct 2018. In this year budget, the excise duty was raised by Rs 2 per litre as the prices of crude softened to about USD 60/ bbl of crude as compared to a high of about USD 85/bbl in Oct 18. Exchange rate also softened during this period. Thus, increase in excise duty rate by Rs 2 a litre, while helped in generating annual revenue of about Rs 28000 crore, did not cause significant hardship to consumer in view of the lowering of price otherwise on account of softening of cost of crude. Also, it is a conscious policy of the Government to reduce dependence on fossil fuels (which in any case are largely imported), incentivize new renewables like solar, wind and also to incentivize use of EVs. Therefore, there is considerable justification for imposing higher taxes on fossil fuels.

Appendix 'B'

Description of goods	**From**	**To**
Chemicals		
Naphtha	5%	4%
Methyloxirane (Propylene Oxide)	7.5%	5%
Ethylene dichloride (EDC)	2%	Nil
Raw materials used in manufacture of Preform of Silica: - a) Silicon Tetra Chloride b) Germanium Tetra Chloride c) Refrigerated Helium Liquid d) Silica Rods e) Silica Tubes	Applicable rate	Nil
Textile		
Wool fibre, Wool Tops	5%	2.5%
Steel and other base metals		
Inputs for the manufacture of CRGO steel: - a) MgO coated cold rolled steel coils b) Hot rolled coils c) Cold-rolled MgO coated and annealed steel d) Hot rolled annealed and pickled coils e) Cold rolled full hard	5%	2.5%
Amorphous alloy ribbon	10%	5%
Cobalt mattes and other intermediate products of cobalt metallurgy	5%	2.5%
Capital goods		
Capital goods used for manufacturing of following electronic items, namely- (i) Populated PCBA (ii) Camera module of cellular mobile phones (iii) Charger/Adapter of cellular mobile phone (iv) Lithium Ion Cell (v) Display Module (vi) Set Top Box (vii) Compact Camera Module	Applicable rate	Nil
Food processing		
Cashew kernels, broken	Rs. 60 per kg or 45% whichever is higher	70%
Cashew kernels	Rs. 75 per kg or 45% whichever is higher	70%

Chemicals, Plastics and Rubber		
Palm stearin and other oils having 20% or more free fatty acid, Palm fatty acid distillate and other industrial monocarboxylic fatty acids. acid oils from refining for use in manufacture of oleochemicals and soap	Nil	7.5%
Poly Vinyl Chloride	7.5%	10%
Floor cover of plastics, Wall or ceiling coverings of plastics	10%	15%
Articles of plastic	10%	15%
Butyl Rubber	5%	10%
Chlorobutyl rubber or bromobutyl rubber	5%	10%
Paper Industry		
a. Newsprint b. Uncoated paper used for printing of newspapers c. Lightweight coated paper used for magazines	Nil	10%
Printed books (including covers for printed books) and printed manuals	Nil	5%
Textile		
Water blocking tapes for manufacture of optical fiber cables	Nil	20%
Ceramic products		
Ceramic roofing tiles and ceramic flags and pavings, hearth or wall tiles etc.	10%	15%
Steel and base metal products		
Stainless steel products	5%	7.5%
Other alloy steel	5%	7.5%
Wire of other alloy steel (other than INVAR)	5%	7.5%
Base metal fittings, mountings and similar articles suitable for furniture, doors, staircases, windows, blinds, hinge for auto mobiles	10%	15%
Electronic goods and machine		
Indoor and outdoor unit of split system air conditioner	10%	20%
Stone crushing (cone type) plants for the construction of roads	Nil	7.5%
Charger/ power adapter of CCTV camera/ IP camera and DVR / NVR	Nil	15%
Loudspeaker	10%	15%
Digital Video Recorder (DVR) and Network Video Recorder (NVR)	15%	20%
CCTV camera and IP camera	15%	20%
Optical Fibres, optical fibre bundles and cables	10%	15%
Automobile and automobile parts		
Friction material and articles thereof etc.	10%	15%
Glass mirrors, whether or not framed, including rear-view mirrors	10%	15%
Locks of a kind used in motor vehicles	10%	15%
Catalytic Converter	5%	10%
Oil or petrol filters for internal combustion engines	7.5%	10%
Intake air filters for internal combustion engines	7.5%	10%
Lighting or visual signaling equipment of a kind used in bicycles or motor vehicles	10 %	15%
Vehicle Horns	10%	15%

Other visual or sound signalling equipment for bicycle and motor vehicle	7.5%	15%
Parts of visual or sound signaling equipment, windscreen wipers, defrosters and demisters of a kind used in cycles or motor vehicles	7.5%	10%
Windscreen wipers, defrosters and demisters, Sealed beam lamp units, Other lamps for automobiles.	10%	15%
Completely Built Unit (CBU) of vehicles	25%	30%
Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705	10%	15%
Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	10%	15%
Reducing customs duty to promote electrical mobility		
Parts for exclusive use Electric vehicles - a. E-drive assembly b. On board charger c. E compressor d. Charging Gun	Applicable rate	Nil
Changes in Customs duty to address the problem of duty inversion in certain sectors		
Marble Slabs	20%	40%
Raw material, parts or accessories for use manufacture of artificial kidneys, disposable sterilized dialyzer and micro-barrier of artificial kidney	Applicable rate	Nil
Reduction in customs duty to promote renewable energy		
All forms of Uranium ores and concentrates, for generation of nuclear power	2.5%	Nil
Uranium enriched in U-235 or its compounds, plutonium and its compounds, mixtures etc. for generation of nuclear power	7.5%	Nil
All goods required for setting up of Nuclear power plant under project imports: - a) MahiBanswara Atomic Power project- 1 to 4, b) Kaiga Atomic Power project – 5 & 6, c) Gorakhpur Atomic Power project- 3 & 4, d) Chutka Atomic Power project- 1 & 2)	Applicable rate	Nil
Duty rationalization/ withdrawal		
Petroleum crude	Nil	Re. 1 per tonne
Specified electronic goods such as switches, sockets, plugs, connectors, relays etc.	Nil	Applicable rate
Capital goods used for manufacturing of specified electronic items, namely- (i) Cathode Ray tubes; (ii) CD/CD-R/DVD/DVD-R; (iii) Deflection components, CRT monitors/CTVs; (iv) Plasma Display Panel	Nil	Applicable rate
Export Promotion for sports goods		
Foam/ EVA foam and pine wood are being included in the list of item allowed duty free import upto 3% of FOB value of sports goods exported in the preceding financial year	Applicable rate	Nil

Reduction in customs duty for Defence sector		
Specified Military equipment and their parts imported by Ministry of Defence or Armed forces	Applicable rate	Nil
Additional revenue measures		
Silver (including silver plated with gold or platinum) unwrought or in semi-manufactured forms, or in powder form	10%	12.50%
Silver dore bar, having silver content not exceeding 95%	8.50%	11%
Base metals clad with silver, not further worked than semi-manufactured	10%	12.50%
Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	10%	12.50%
Gold dore bar, having gold content not exceeding 95%	9.35%	11.85%
Base metals or silver, clad with gold, not further worked than semi-manufactured	10%	12.50%
Platinum, unwrought or in semi-manufactured forms, or in powder form [other than Rhodium]	10%	12.50%
Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	10%	12.50%
Waste and scrap of precious metals or of metal clad with precious metals; other waste and scrap containing precious metal compounds, of a kind used principally for the recovery of precious metal.	10%	12.50%
Gold and Silver imported by an eligible passenger as baggage	10%	12.50%

Appendix 'C'

1. Reduction in the GST rate on supply of goods:

(i) 12% to 5% on all electric vehicles

(ii) 18% to 5% on charger or charging stations for Electric vehicles

(iii) 18% to 12% on parts of Slide Fasteners

(iv) 18% to 5% on Marine Fuel 0.5% (FO)

(v) 12% to 5% on Wet Grinders (consisting stone as a grinder)

(vi) 5% to Nil on Dried tamarind and Plates and cups made up of leaves/ flowers/bark

(vii) 3% to 0.25% on cut and polished semi-precious stones

(viii) Applicable rate to 5% on specified goods for petroleum operations undertaken under Hydrocarbon Exploration Licensing Policy (HELP)

2. Exemptions from GST/IGST on:

(i) imports of specified defence goods not being manufactured indigenously (upto 2024)

(ii) supply of goods and services to FIFA and other specified persons for organizing the Under-17 Women's Football World Cup in India.

(iii) supply of goods and services to Food and Agriculture Organisation (FAO) for specified projects in India.

3. GST rates have been increased from, -

(i) 5% to 12% on goods, falling under chapter 86 of tariff like railway wagons, coaches, rolling stock (without refund of accumulated ITC). This is to address the concern of ITC accumulation with suppliers of these goods.

(ii) 18% to 28% +12% compensation cess on caffeinated Beverages

4. Measures for Export Promotion

(i) Exemption from GST/ IGST:

a) at the time of import on Silver/Platinum by specified nominated agencies

b) supply of Silver/Platinum by specified nominated agency to exporters for exports of Jewellery,

(ii) Inclusion of Diamond India Limited (DIL) in the list of nominated agencies eligible for IGST exemption on imports of Gold/Silver/ Platinum so as to supply at Nil GST to Jewellery exporters.

5. GST concession in certain cases for specific period: -

(i) Exemption to Fishmeal for the period 01.07.17 to 30.09.19. There were doubts as regards taxability of fishmeal in view of the interpretational issues. However, any tax collected for this period shall be required to be deposited.

(ii) 12% GST during the period 1.07.2017 to 31.12.2018, on pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery.

Rationalization of GST Rates of Services in 2019

I. GST Rates reduced from 18% to 12%

1. Supply of "hotel accommodation" having value of supply of a unit of accommodation above one thousand rupees but less than or equal to seven thousand five hundred rupees per unit per day or equivalent.

2. GST rate has been reduced from 18% to 12% on supply of all job work services, which are not currently eligible for the 5% rate (such as machine job work in engineering industry), except supply of job work in relation to bus body building which would remain at 18%.

II. Reduction of GST Rates from 18% with ITC to 5% without ITC

GST on outdoor catering services other than in premises having daily tariff of unit of accommodation of Rs 7501 has been reduced from 18% to 5%without ITC.

III. Reduction of GST Rates from 28% with ITC to 18%

"Hotel accommodation" service having value of supply of a unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent has been reduced from 28% to 18%.

IV. Special provisions:

(i) Special Composition Scheme for Service Providers:

To boost the MSME sector, with effect from 01.04.2019, composition scheme for service providers has been introduced. The scheme can be availed by a registered person having annual turnover upto Rs. 50 lakhs, which is considerably high. The service providers opting for new composition scheme can now pay GST @ 6% and would not be eligible to avail any input tax. The service providers covered under the Composition Scheme shall be required to file 1 annual return and make quarterly payment of GST after completion of provision of service. This quarterly payment of GST would not adversely affect the cash flow as it would provide a time buffer for the small service providers.

(ii) Special package for real estate sector -

(a) Construction of affordable residential houses, i.e. houses having carpet area of upto 60 sqm in metros and 90 sqm in non-metros and having value upto Rs. 45 lakhs)- 1% without ITC.

(b) Construction of residential houses other than affordable residential houses- 5% without ITC.

(iii) Special rate for job work service

(a) Job work services in relation to diamonds has been reduced from 5% to 1.5%.

V. Other rationalization of GST Rates

Grant of liquor licence by State Governments against payment of license fee or application fee or by whatever name called, has been notified as "no supply" to remove implementational ambiguity on the subject.

VI. Exemption from levy of GST

1. Intermediate tax on development right, such as Transfer of Development Rights, long term lease (premium), Floor Space Index has been exempted to address the cash flow issues in the real estate sector.

2. Storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, rice, coffee and tea.

3. Services provided by an intermediary to a supplier of goods or recipient of goods when both the supplier and recipient are located outside the taxable territory.

4. "BANGLA SHASYA BIMA" (BSB) crop insurance scheme of West Bengal Government has been exempt from GST.

5. Services of life insurance business provided or agreed to be provided by the Central Armed Paramilitary Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the respective Group Insurance Schemes of these Central Armed Paramilitary forces has been exempted.

6. Services provided by an intermediary to a supplier of goods or recipient of goods when both the supplier and recipient are located outside the taxable territory is exempt from GST.

7. Services related to FIFA Under-17 Women's World Cup 2020 similar to existing exemption given to FIFA U 17 World Cup 2017 have been exempted.

8. Upfront amount payable in respect of service by way of granting of long term lease of (thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20% or more ownership of Government to the industrial units or the developers in any industrial or financial business area.

3.2 Anti-Smuggling /Anti-Evasion

The decisions/initiatives taken in anti-smuggling/ anti-evasion areas during the last one year are as follows:

3.2.1 Border Control Measures:

- **Amendment in Import and Export Policy of electronic cigarettes:** ASU vide Circular No. 35/2019-Customs dated 01.10.2019 based on the notification issued by DGFT to ban Import and Export of e-Cigarettes or any parts or components thereof such as refill pods, atomisers, cartridges etc. including all forms of Electronic Nicotine Delivery Systems (ENDS), Heat not burn products, e-hookah and the like devices, has directed field formations under CBIC to prevent any attempt of Import/ Export of such goods.

- **Formation of Working Group to implement Article 8 of the WHO FCTC Protocol:** A working Group has been constituted to implement Article 8 (i.e. Track and Trace System) of the Protocol to Eliminate Illicit Trade in Tobacco Products has been constituted to chart out further road map and timeline for the implementation of provisions of the Protocol.The timeline for the implementation of the Article 8 has been finalized and desired steps are being taken to ensure strict compliance of the timeline.

- **Draft Revised Guidelines for deposit of seized/ confiscated gold with SPMCIL:** This unit has submitted the draft revised guidelines for the deposit of seized/ confiscated gold with SPMCIL to the Department of Economic Affairs based on the discussion of Director (FT) in PMO wherein it was decided that the stock of seized gold available with DoR may be utilized by DEA for giving it to SPMCIL for minting IGC, to banks under GML and to RBI for monetary reserves to reduce import of Gold, increase value addition and monetization of Gold in the economy.

3.2.2 Central Revenue Control Laboratory (CRCL):

- **Procurement of equipment for Central Revenue Control Laboratory (CRCL):** Approval in respect of 26 types (79 Nos.) of equipment have been conveyed to Directorate of Logistics, CBIC.

- During 2019, (out of 12) Revenue Laboratories, namely at New Delhi, Kandla, Vadodara, Mumbai, Kochi, Chennai and Vizag, have been granted NABL accreditation for chemical testing in accordance with ISO/IEC 17025:2017 for defined scope. Laboratories at New Delhi and Chennai are also accredited for forensic analysis.

- A Proposal for recognizing CRCL, New Delhi as the Regional Customs Laboratory of WCO, AP Region has been initiated. In the meeting of the Regional Contact Points held at Puducherry, during 18-20.11.2019, the proposal received widespread support and Board is now taking up the proposal with the WCO Secretariat.

3.2.3 Non-Intrusive Inspection Systems:

- **Procurement of Container Scanners:** In principle approval in respect of 01 Drive Through Rail Scanner for JNPT and for 05 Mobile X ray-based Container Scanner for major ports have been conveyed to Directorate of Logistics, CBIC.

- **Procurement of 30 Full Body Scanner (FBS)-** In principle approval in respect of 30 FBS has been conveyed to Directorate of Logistics, CBIC.

- **Procurement of 82 X-ray baggage inspection system (XBIS):** In principle approval in respect of 82 XBIS has been conveyed to Directorate of Logistics, CBIC.

- **Procurement of Air Cargo Inspection System:** Subsequent to the Notification No. 29/2019- Customs (NT) dated 01.04.2019 amending the Cargo Handling Regulation, 2009, major private ports/cargo handlers have been directed to procure and install ACIS at major Air Cargo Complexes at their expense.

- Various steps were taken to streamline the functioning of the department through issuing guidelines regarding the disposal of
  - (i) Muriate of Potash issued vide Board's Circular No. 20/2019-Cus;
  - (ii) Seized/confiscated Foreign Origin Liquor issued vide Board's Circular No. 30/2019-Cus
  - (iii) Unmanned Aircraft System (UAS)/ Unmanned Aerial Vehicle Systems (UAVS)/ Remotely Piloted Aircrafts System (RPAS)/ Drones issued vide Board's Circular No. 32/ 2019-Cus.

- **Following Initiatives are under process:**
  - (i) Efforts are also being made for coordinating with various departments for streamlining the

process of disposal of Red Sanders/Fire Arms/NDPS etc.

(ii) An SoP for dealing with the Sanction of prosecution of Gr.A Officers under Customs Act, 1962 is being looked in;

(iii) Systems study for removal of Alerts from ICES systems

(iv) A comprehensive Disposal Manual 2019 consolidating all existing Instructions/ Circulars regarding disposal of seized/ confiscated goods has been approved by the Board and is in press for printing.

- Apart from above, following Circulars / Instructions/Modus Operandi have been issued:

CIRCULARS on following subjects were issued:

(i) Generation and quoting of Document Identification Number (DIN) on any communication issued by the officers of the Central Board of Indirect Taxes and Customs (CBIC) to tax payers and other concerned persons;

MODUS OPERANDI (MOs) on following subjects were issued:

(i) Fraudulent Refund claim of Input Tax credit by a CGST Unit for goods exported to an NSEZ unit (Deemed Export) against fake documents;

(ii) Evasion of GST in the Supply of used glass bottles to Breweries;

(iii) Non-reversal of proportionate Input Tax Credit availed on common inputs, attributable to exempted supplies of De-Oiled Rice Bran, in terms of Section 17 of the CGST Act, 2017 read with Rule 42 of the CGST Rules, 2017;

(iv) Detection of cases of ITC refunds by merchant exporters in connivance with units in kandla SEZ, Gandhidham, Gujarat.

INSTRUCTIONS on the following subjects were issued:

(i) Arrest under GST-Filing of Caveat in Hon'ble Supreme Court;

(ii) Directions of Hon'ble Supreme Court in the matter of SLP Nos.4322- 4324/2019;

(iii) Monitoring of Companies under the Process of Strike off under Section 248 of Companies Act, 2013;

(iv) Judgment of Hon'ble Supreme Court in the case of State of Utter Pradesh & Ors vs. M/s Kay Pan Fragrance Pvt Ltd. In Civil Appeal No.8942/2019 & 8944/2019.

- Proposals were sent to Tax Research Unit for enlarging the scope of GST Compensation Cess by bringing under its ambit caffeinated/energy drinks and non-alcoholic beer. Out of which the proposal of caffeinated/ energy drinks have been accepted by GST Council which could potentially add Rs. 100 Crore/annum Plus to Government Revenue and the proposal to bring the taxation of non-alcoholic beer is under consideration.

- GST-Investigation Wing is collating and disseminating cases of fake invoices (issuance & availment) detected by different field formations. This information is now being shared with the States also through the office of GST Council.

3.3 DRAWBACK

Important items of work accomplished by the Drawback Division of CBIC during the period 01.04.2019 to 30.11.2019 are as follows:

a) Exemption from furnishing Bank Guarantee under Advance Authorization, Duty Free Import Authorization and Export Promotion Capital Goods (EPCG) schemes has been extended to manufacturer exporters/service providers registered with the GST authorities subject to specified conditions. Circular No. 31/2019- Customs dated 13.09.2019 has been issued for this purpose.

b) In terms of Hon'ble FM's announcement dated 14.09.2019 regarding measures to boost exports, additional 2% MEIS rates for certain items have been allowed beyond FY2018-19 upto 31.12.2019.

c) With a view to expedite clearance of Duty Drawback claims and avoid litigation, clarification has been issued that where short realization of export proceeds upto 12.5% of FoB value is on account of agency commission and foreign bank charges, Duty Drawback would be permitted without deducting such charges. Circular No. 33/2019-Customs dated 19.09.2019 has thus been issued.

d) Clarification regarding claims for Brand Rate of Duty Drawback has been issued that the incidence of Education Cess, Secondary and Higher Education Cess, Social Welfare Surcharge and Clean environment Cess (erstwhile Clean Energy Cess) are required to be included in these claims. It has also been clarified that Stowage Excise Duty cannot be considered for inclusion in Duty Drawback of any export goods. Instruction No. 04/2019–Customs dated 11.10.2019 refers in the matter.

e) The Drawback Committee has been set up by the Government and tasked to review the All Industry Rates of Duty Drawback for the year 2019.

f) Quarterly review of All Industry Rates of Duty Drawback on gold and silver jewellery/ articles was completed and revised AIRs have been notified vide Notification No. 82/2019-Customs (N.T.) dated 15.11.2019.

- **Significant developments/policy decisions taken during the year**

In terms of Hon'ble FM's announcement dated 14.09.2019, Ministry of Textiles (MoT)'s Rebate of State and Central Taxes and Levies (RoSCTL) scheme and DoC's Merchandise Export from India Scheme (MEIS) scheme will transit into Remission of Duties or Taxes on Export Product (RoDTEP) scheme. RoDTEP scheme shall replace MEIS and rebate various Central and State levies and taxes which are not refunded under other schemes. This would be a WTO compliant scheme and improve the competitiveness of the Indian export goods in the international market.

3.4 Central Excise

i. The Central Excise Wing deals with the policy issues related to Central Excise and legacy issues. With the implementation of GST w.e.f. 01.07.2017, there are only five items now on which Central Excise is being levied.

ii. The wing is overviewing the implementation of the **SabkaVishwas -Legacy Dispute Resolution Scheme, 2019 announced by** the Hon'ble FM, in the recent Budget. The Scheme has been notified and is currently operational from 1st September 2019 till 31st of December 2019.The two main components of the Scheme are dispute resolution and amnesty. The dispute resolution component is aimed at liquidating the legacy cases of Central Excise and Service Tax that are subsumed in GST whereas the amnesty component could bring the non-compliant tax payer/tax evaders under the tax net.

iii. The Wing overviews the implementation of the Budgetary Support Scheme under the GST. The Scheme was notified by the Department of Promotion of Industry and Internal trade, Ministry of Commerce &Industry, however, the Scheme is being implemented by CBIC. The Scheme covers the Himalayan State and North Eastern States including Sikkim. The Scheme provides budgetary support to the eligible units which were availing benefits under the respective central excise exemption notifications in the erstwhile regime of Central Excise taxation.

iv. Some of the important works undertaken by this Wing in the F.Y. 2019-20 are as under:

S. No.	Notification No. & Date	Subject
1	04/2019-CE(NT), dt. 21-08-2019	Implementation of SabkaVishwas (Legacy Dispute Resolution) Scheme (SVLDRS), 2019
2.	05/2019-CE(NT), dt. 21-08-2019	Rules under SVLDRS, 2019.
3	06/2019-CE(NT), dt. 04-12-2019	Seeks to extend SVLDRS, 2019 to the mentioned enactments

S.No	Circular No.	Date	Subject
1.	1074/07/2019-CX	12-12-2019	SabkaVishwas (legacy Dispute Resolution) Scheme 2019- reg.
2.	1073/06/2019-CX	29-10-2019	SabkaVishwas (Legacy Dispute Resolution) Scheme, 2019-reg
3	1072/05/2019-CX	25-09-2019	SabkaVishwas (Legacy Dispute Resolution) Scheme, 2019-reg
4	1071/4/2019-CX.8	27-06-2019	Circular on SabkaVishwas (Legacy Dispute Resolution) Scheme, 2019
5	1070/3/2019-CX	24-06-2019	Implementation of CBIC (ICEGATE) E-payment portal from1st July, 2019 - Revised procedure for making e-payment of Central Excise and Service Tax arrears under the new CBIC-GST Integrated portalhttps://cbic-gst.gov.in-Reg.
6	1069/02/2019-CX	08-05-2019	Revised Procedure for electronic filing of Central Excise returns and for electronic payment of Excise duty and Service tax arrears under the new portal www.cbic-gst.gov.in.
7	1068/01/2019-CX	10-01-2019	Review of progress of implementation of Scheme of Budgetary Support to eligible industrial units located in States of Jammu and Kashmir, Uttarakhand, Himachal Pradesh, and North East including Sikkim-Clarifications

- **PRESERVATION OF HERITAGE BUILDINGS:**

INTACH (Indian National Trust for Art and Cultural Heritage) has been appointed by CBIC as consultancy agency for restoration and conservation of the following departmental buildings which have been granted status of 'Heritage Building'.

1. Goa, Customs building (a.k.a. Blue Building) has been converted into a museum and the work for its restoration and renovation is under consideration.

2. Ballard Estate, Mumbai Customs Building has been declared a heritage building and the renovation of the subject building is under consideration.

- **MANDATORY INSTALLATION OF LED BASED LIGHTS AND ENERGY EFFICIENT EQUIPMENT (FANS AND AIR-CONDITIONERS) IN ALL GOVERNMENT OWNED BUILDINGS:**

1.	Name of the Scheme:	UJALA (Unnat Jyoti by Affordable LEDs for All)
2.	Designated Agency:	M/s. Efficient Energy Services Limited
3.	Target/Objective:	Mandatory Installation of LED lights and energy efficient equipment in all 468 Government Owned Buildings
4.	Progress Report:	

S. No.	Progress Status	Number of buildings
1.	CBIC owned government buildings in which work of installation of LED based lighting has been completed	102
2.	CBIC owned government buildings in which work of installation of LED based lighting has been partially completed and is under progress	90
	Total	**192**

➢ **Installation of Rooftop Solar Panels in Government Buildings (under RESCO Model)**

1.	Name of the Scheme:	National Solar Mission
2.	Designated Agency:	M/s. Solar Energy Corporation of India Limited
3.	Target/Objective:	Installation of Rooftop Solar Panels
4.	Progress Report:	

■ No. of buildings identified by CPWD for the installation of Solar Panels =236

■ No. of buildings in which action for installation of roof-top Solar Panels is yet to be initiated = 61

■ No. of buildings in which matter is under process/ Preliminary Survey (PS) has been conducted by CPWD/ SECI = 175

■ No. of buildings in which work for conducting preliminary survey is under process with local CPWD/Solar venders : 64

■ No. of buildings in respect of which Preliminary Survey (PS) Report has been submitted = 111

■ No. of buildings found feasible for the installation of Solar Panels during the PS conducted by CPWD/SECI = 76

■ No. of buildings not found feasible for the installation of Solar Panels during the PS conducted by CPWD/SECI = 35

No. of buildings for which Power Purchase Agreement (PPA) has been signed by the field formations (applicable only for RESCO model) = 22; Also, 15 solar panels have also been installed under CAPEX Model.

3.6 Performance of Directorate General of Taxpayer Services

i. PUBLICITY:

➢ **Print Advertisements**

GST Return Calendar; Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019; Examination for confirmation of enrollment of GST Practitioners; Notice for Customs Brokers Examination-2020; Public Notice -GST Annual Return Mela

➢ **Electronic Media**

Short films on following topics were produced for utilization of various media platforms:

03 Hindi, 01 English and 11 Regional language TV Commercials were produced on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019; Authorized Economic Operator (AEO) Scheme; Short Film on World Customs Organization (WCO) theme of 'Smart Borders' dedicated to the year 2019;

Making of a Short Film on Chairman (CBIC)'s Resume for the World Customs Organization (WCO).

ii. Posters on following topics were designed and shared with field formations under CBIC for utilization at jurisdictional level:

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019; Swachchta Abhiyan themed 'Say no to one-time use plastic'; Initiatives undertaken by Indian

Customs for enhancing ease of doing business; Vigilance Awareness Week, 2019; Goods & Services Tax.

iii. Social Media

Social media platforms were aptly utilized for dissemination of departmental information and messages. Informative creatives and videos were produced and placed at department's Twitter handle CBIC_, Facebook page and Youtube channel.

WhatsApp Creatives, Hoardings and Emails on Sabka Vishwas Scheme were designed and shared with field formations under CBIC for utilization at jurisdictional level.

iv. Radio:

A radio jingle on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 was produced and broadcast on over 260 All India Radio stations and over 95 Pvt. BOC empanelled FM Radio Stations.

v. CBIC Website

Recognizing the enormous reach and popularity of CBIC website, extensive use of CBIC website was made for publicity, awareness and information dissemination. Information available on this site includes GST Acts & Rules, notifications, circulars, orders, Public Notices, Press Releases, GST Fliers, General FAQs, Sectoral FAQs, Overview of GST, Anti-profiteering etc.

vi. Projection from 1-12-2019 to 31-3-2020:

Advertisements/multi-media campaign will be undertaken as per direction & final mandatory approvals from the Ad Approval Cell, Bureau of Outreach & Communications, Ministry of I&B. These may broadly cover topics related to various features, provisions, schemes, compliance processes related to GST; Important decisions taken by the GST Council in its meetings; Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019; Late fee waiver on pending Form GSTR-I (July 2017 to November 2019); International Customs Day, 2020.

vii. Electronic Media: TVC

The World Customs Organisation (WCO) has dedicated the year 2020 to the theme 'Customs fostering Sustainability for People, Prosperity & the Planet'. India is a member country of the WCO and it is proposed to produce a short film showcasing the initiatives taken by Indian Customs with this theme.

viii. Customs & GST Lounge at IITF-2019

This Directorate set up Customs & GST Lounge at India International Trade Fair-2019 held at Pragati Maidan, New Delhi from November 14 to 27, 2019. This was part of CBIC's initiatives to place the initiatives undertaken by the department in the public domain and to create and enhance awareness about the indirect taxes handled by the department. The focus of this Pavilion was on GST. Information on various aspects of GST and also Customs. The chosen information was displayed through panels, translites, blowups. Digital screens were utilized to display departmental films/audio-visuals. A lot of queries/ clarifications etc. from the visiting public were anticipated. With this in view, six Helpdesks, manned by departmental officers and supervised by DC/AC rank officers were set up to authoritatively address the queries of trade & public. Updated booklets on various topics were made available for distribution to visitors. Quiz kiosks aimed to enhance public awareness about indirect taxes were installed. Nukkad natak and Ventriloquist shows were held which focused on various schemes, features and benefits of GST as well as Customs. These shows were performed by trained artists during the entire duration of IITF and received a lot of public attention and participation. Rounds of painting competitions/ quiz contests for kids, game shows & interactive sessions were held through the fair period, with attractive gifts embossed with departmental logo given away to winners & participants. The Customs & GST Lounge drew huge response and was quite successful in achieving its objectives. CBIC received the Silver Award for its lounge in the Central Government category from the Hon'ble Commerce & Industry Minister.

ix. 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.

x. PUBLIC GRIEVANCE OFFICERS

Public Grievance Officers have been designated in all the Commissionerates across the country and details are available on CBEC website. The Citizens' Charter provides for appeal to superior officer in the event of unsatisfactory response from Public Grievance Officer. Accordingly, contact details of the superior officer have also been posted on the website for the benefit of taxpayers.

xi. PUBLICATIONS

- **Publication List from 1.4.2019 to 30.11.2019:**

Brochure WCO, CBIC; Chairman CBIC Brochure for World Customs Organisation (8-Page); Pocket Sampark-2019; Customs Manual, 2018; Brochure on Ease of Doing Business; World Customs Organisation Brochure; Single page leaflet (4 language- Chairman, CBIC); 8 Page Brochure (4 Languages) Chairman CBIC; CBIC Magazine; GST MSME Sector Booklet; Civil List-2019; Booklet on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019; GST Audit Manual; National Trade Facilitation Action

Plan 2017-20; CRCL Brochure; CRCL Brochure (A4); Disposal Manual, 2019; CBIC Newsletter, November, 2019. Green Customs; ICEGATE, Reward Scheme for Informers; Guide for Travelers; e-Sanchit; Diirect Port Delivery (DPD); Authorized Economic Operators (AEO) Scheme; GST Audit; Composition Scheme; Refund in GST; Refund in IGST; Refund in ITC; Benefits of GST; Annual Return; Composition Scheme for Services; New Return Mechanism; Sabka Vishwas Scheme (English); Sabka Vishwas Scheme (Hindi); Atithi app; ICE dash; Overview of GST; Casual Taxable Person.

➢ **Projection List from 1.12.2019 to 31.3.2020:** CBIC Newsletter December, 2019; CBIC Newsletter January, 2020; CBIC Newsletter February, 2020; Departmental Wall Calendar, 2020; Departmental Desk Calendar, 2020; Indian Customs Declaration Forms (ICDFs); CBIC Magazine; Sampark, 2020; Pocket Sampark, 2020

xii. Significant developments/policy decisions taken during the year for the development of a particular sector, including initiatives for improving delivery of public services and for ensuring "inclusive growth";

The Directorate has carried out media campaigns highlighting enhanced ease of doing business as part of e-governance/online initiatives like ICEGATE & ACES.

4. Central Board of Direct Taxes (CBDT)

4.1 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 and is assisted by the following Directorates:

(i) Principal Directorate General of Income Tax (Administration & Tax Payer Services)
   - a) Directorate of Income Tax (PR, P&P)
   - b) Directorate of Income Tax (O&MS)
   - c) Directorate of Income Tax (TPS-I)
   - d) Directorate of Income Tax (TPS-II)
   - e) Statistics (R&S) Wing
   - f) Directorate of Income Tax (Infrastructure)
   - g) Directorate of Income Tax (Expenditure Budget)

(ii) Principal Directorate General of Income Tax (Systems)

(iii) Principal Directorate General of Income Tax (Training)

(iv) Principal Directorate General of Income Tax (HRD)
   - a) Directorate of Income Tax (HRD)
   - b) Directorate of income Tax (Exam & OL)

(v) Principal Directorate General of Income Tax (Vigilance)

(vi) Principal Directorate General of Income Tax (Legal & Research)
   - a) Directorate of Income Tax (L&R)
   - b) Directorate of Income Tax (Audit & Inspection)

(vii) Directorate General of Income Tax (Risk Assessment)
   - a) Directorate of Income Tax (Risk Assessment)
   - b) Directorate of Income Tax (Recovery)

Income Tax Department is the subordinate organization of the CBDT having jurisdiction across the country divided into 18 regions headed by Principal Chief Commissioners of Income Tax who are entrusted with supervision and collection of direct tax and taxpayer services. Directors General of Income Tax (Investigation) supervise the investigation functions and deal with tax evasion and unearthing unaccounted income. Director General of Income Tax (Intelligence and Criminal Investigation) supervises the intelligence gathering and investigation in tax related crimes. Chief Commissioner of Income Tax (Exemptions) supervises the work of exemption and non-profit organizations/ trusts across the country and Principal Chief Commissioner of Income Tax (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 Additional Directors General of Income Tax within their jurisdictions. Commissioners of Income Tax posted as Commissioners of Income Tax (Appeals) perform appellate functions and adjudication of disputes. The Income Tax department has its presence in 530 cities and towns across the country, having more than 8.45 crore Taxpayers (AY 2018-19).

The National Academy of Direct Taxes (NADT), Nagpur and Regional Training Institutes at different locations function under the overall supervision of a Director General of Income Tax (Training) to cater to the training needs of officers and officials.

The Principal Chief Controller of Accounts, CBDT with the assistance of Zonal Accounts Officers is responsible for accounting of revenue collections as well as expenditure of the Income Tax Department.

4.2 Direct Taxes Collection

The performance of the Income Tax Department during the FY 2019-20 in various key areas is as under:

(i) The collection of direct taxes has decreased from Rs. 7,36,296 crores in Financial Year 2018-19 (upto 31.12.2018) to Rs. 6,92,665 crores (provisional)# in FY 2019-20 (upto 31.12.2019) i.e. a growth of (-) 5.9% over the last Financial Year. The growth rate under Corporate Income Tax is (-)13.7% and growth rate under Personal Income Tax growth is 4.7 %. In the FY 2019-20, about 51.9% of the Budget Estimate of Rs. 13,35,000 has been collected till 31.12.2019.

(ii) During the Financial Year 2019-20 upto Nov. 2019, the department collected Rs. 15,741 crores out of arrear demand and Rs. 3,365 crores out of current demand upto Nov. 2019*.

(iii) TDS collection for Financial Year 2019-20 (upto 31.12.2019) has grown to Rs. 3,62,636 crores at a growth of 7.8% over last Financial Year for the corresponding period (upto 31.12.2018) and constitutes 42.04% of the gross direct tax collections.

(iv) During the Financial Year 2019-20, (upto 31.12.2019) collection under Advance Tax is Rs. 3,27,009 crores showing a growth of (-)10.2% over the last Financial Year for the corresponding period (up to 31.12.2018) and constitutes 37.91% of the gross direct tax collections.

(v) During FY 2018-19, 6.49 crore income tax returns (ITRs) of Assessment year 2018-19 were filed compared to 5.47 crore ITRs filed for Assessment Year 2017-18, which translates into a growth of 18.6%. Moreover, during FY 2018-19, 1.1 crore new ITR filers were added to the filer base as compared to 1.07 crore new filers added in FY 2017-18.

* Source: CAP-1, DOMS, CBDT
\# Source: Pr. CCA, CBDT

4.3 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.

4.4 TPL Division

Tax policies are formulated in order to mobilize financial resources for the nation, achieve sustained growth of the economy, ensure macroeconomic stability and promote social welfare by providing fiscal incentives for investments in the social sector. The underlying theme of the tax proposals for the Budget 2019-20 and the Taxation Laws (Amendment) Act, 2019 is to continue to provide momentum to the buoyancy in direct taxes through deepening and widening of the tax base, reducing corporate tax rate, promoting horizontal equity in personal income tax, simplifying tax procedure and enhancing the effectiveness, transparency and accountability of the tax administration. In this endeavor, few of the legislative measures taken during FY 2019-20 are mentioned below:

(i) **Reduction in Corporate tax rate:** The Finance (No.2) Act, 2019 reduced the base corporate tax rate for small and medium sized domestic companies whose turnover does not exceed Rs 400 crore to 25 %. Further, in order to attract fresh investment, create jobs and stimulate overall economic growth, The Taxation Laws (Amendment) Ordinance, 2019 was promulgated on 20.09.2019. Subsequently, the Ordinance has been enacted as the Taxation Laws (Amendment) Act, 2019. The said Act has, inter-alia, further reduced the corporate tax rates. It provides that existing domestic companies may opt for a concessional tax regime at an effective tax rate of 25.17% (22% tax, plus surcharge at 10% and cess at 4%), if they do not avail the specified deductions and incentives. Further, new manufacturing domestic companies set up on or after 01.10.2019 may opt to be taxed at an effective tax rate of 17.16% (15% tax, plus surcharge at 10% and cess at 4%), provided that they do not avail of any specified incentives or deductions and fulfil certain pre-conditions. The domestic companies opting to be taxed under any concessional tax regime will also not be required to pay Minimum Alternate Tax (MAT). However, for companies which continue to avail incentives or deduction, the existing rate of MAT has been reduced from 18.5% to 15%.

(ii) **Relief in Personal Income tax:** Vide Finance Act, 2019, 100% tax rebate has been provided to individuals having taxable income up to Rs. 5 lakhs.

(iii) **Incentives to National Pension System (NPS) subscribers:** In order to enable the pensioner to have more disposable funds, the limit of exemption has been increased to 60% of the total amount payable to the person at the time of closure or his opting out of the scheme. Further, in order to ensure that the Central Government employees get full deduction of the enhanced employer contribution, section 80CCD of the Income-tax Act, 1961 (the Act) has been amended to increase the limit from 10 to 14 % of contribution made by the Central Government to the account of its employee. In addition, in order to provide the Central

Government employees more options of tax saving investments any amount paid or deposited by a Central Government employee as a contribution to his Tier-II account of the new pension scheme shall be eligible for deduction under section 80C subject to the specified conditions.

(iv) **Faceless e-assessment:** In order to remove the existing human interface and personal interaction prevailing in the assessment procedure, a scheme of faceless assessment in electronic mode involving no human interface has been notified.

(v) **Pre-filling of return:** In order to make tax compliance more convenient, pre-filled Income tax Returns (ITR) have been provided to individual taxpayers. The ITR form now contains pre-filled details of salary income, house property income, capital gains from securities, bank interest, dividends and various tax deductions. Information regarding these incomes and deductions are being collected from concerned sources such as banks, mutual funds, EPFO etc. To enable pre-filling, the scope of furnishing of Statement of Financial Transactions (SFT) has been widened by requiring certain more persons to submit information in respect of financial transactions facilitated or undertaken by them.

(vi) **Interchangeability of PAN and Aadhaar:** To enable a person who does not have PAN but has Aadhaar, use Aadhaar in place of PAN, while entering into certain reportable transactions, PAN will be allotted to such person on the basis of Aadhaar after obtaining demographic data from UIDAI. A person who has linked his Aadhaar to his PAN will be allowed the option to use his Aadhaar instead of his PAN where he is required to quote PAN while entering into a reportable transaction.

(vii) **Promoting Digital Payments:** Vide the Finance (No. 2) Act, 2019, section 269SU has been introduced in the Act with effect from 01.11.2019 to provide that every person, carrying on business whose total sales exceeds Rs 50 cr. in the year immediately preceding the previous year, shall, provide facility for accepting payment through the prescribed electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person.

(viii) **Simplification of compliance norms for Startups:** Various steps have been undertaken by the Government to provide a hassle-free tax environment to the startups. CBDT has reiterated that the outstanding income-tax demand relating to additions made under section 56(2) (viib) of the Act (angel tax) would not be pursued and no communication in respect of outstanding demand would be made with the Start-up entity. Further, other income-tax demand of the Start-ups would not be pursued unless the demand was confirmed by ITAT. CBDT has also constituted a Start-up Cell under the aegis of Member (IT&C), CBDT to redress grievances and to address various tax related issues in the cases of Start-ups. A consolidated circular clarifying the provisions pertaining to assessment of Startups was also issued by the CBDT on 30.08.2019.

(ix) **Initiatives to promote housing:** For realisation of the goal of 'Housing for All' and affordable housing, the provision of tax holiday has been extended up to 31.03.2020 for developers of affordable housing. In order to provide a further impetus an additional deduction of up to Rs. 1,50,000/- for interest paid on loans borrowed up to 31.03.2020 for purchase of an affordable house valued up to Rs. 45 lakh has been provided.

(x) **Boost to Automobile Industry:** In order to provide relief to tax payers purchasing new vehicles for the purpose of business or profession, enhanced depreciation of 30 % and 45 % have been notified for motor cars and motors buses/lorries. In addition to this, in order to promote electrical vehicles deduction in respect of interest on loan taken for purchase of an electrical vehicle from any financial institution up to a maximum of Rs 1,50,000/- has been provided, subject to the condition that the loan has been sanctioned during the period beginning on the 01.04.2019 to 31.03.2023.

(xi) **Promotion of International Financial Services Centre (IFSC):** With a view to incentivize the IFSC, several direct tax incentives have been provided to an IFSC including 100 % profit-linked deduction under section 80-LA of the Act, exemption from dividend distribution tax from current and accumulated income to companies and mutual funds, exemptions on capital gain to Category-III AIF and interest payment on loan taken from non-residents. Further, under the Taxation Laws (Amendment) Act, 2019 it has been provided that the companies opting for lower rates of taxation will be allowed to claim profit linked deduction available to the units of IFSC.

4.5 ITA Division

Important initiatives taken by the ITA Division during the year 2019-20 are as follows:

I. Conduct of income-tax assessment proceedings electronically - Implementation of E-assessment Scheme,2019:

The Income-tax Department has made continuous efforts for digitizing the interactions with the tax payers, which would help in increasing the transparency, efficiency and accountability. In this context, it is relevant to mention that in a significant step, in 2017, ITD developed an

Integrated platform i.e. Income Tax Business Application (ITBA) for electronic conduct of various functions/ proceedings including assessments. This is integrated with the 'E-filing' portal which is used by the tax payers to electronically communicate with the ITD. This has minimized the interface between the assessing officer and the tax payers and has made the process of assessment non-intrusive and tax-payer friendly. Scrutiny in around 2,00,000 cases have been completed through e-proceeding facility during the F.Y 2018-19. To eliminate interface between Assessing Officer and the assessee during the course of assessment proceedings and for optimum utilization of the resources through economies of scale and functional specialization, a new E-assessment Scheme 2019 has been notified by the CBDT on 12th September, 2019. The salient features of the scheme are as under:

i. A National e-Assessment Centre (NeAC) and Regional e-Assessment Centres (ReACs) have been set-up.

ii. All communication with the assessee or any other person for the purpose of making assessment under the Scheme, as also internal communication among the functional units, shall be through the NeAC and shall be made exclusively in electronic mode.

iii. Under the Scheme, a person shall not be required to appear before the Centre or any unit either personally or through authorized representative. Personal hearing, if required, shall be conducted through video conferencing, including use of any telecommunication application software which supports video telephony, in accordance with the procedure laid down by the Board,

iv. Under the Scheme, there will not be any fixed territorial jurisdiction and the cases will be assigned by the system.

After the notification of the Scheme, requisite jurisdiction orders under section 120 of the Income-tax Act,1961 have been issued from ITA division and the orders for the diversion of the man power for the newly created NeACs and ReACs have been issued. The Pr. CCIT (NeAC) has assumed charge and is undertaking further work on procedural aspects of NeAC and ReAC. Revenue Secretary Dr. Ajay Bhushan Pandey inaugurated National e-Assessment Centre (NeAC) on 7th October, 2019. Notices u/s 143(2) of the Income-tax Act, 1961 in 58,317 cases have been digitally signed and issued in a centralized manner by National e-Assessment Centre (NeAC). Scrutiny in these cases will be conducted by the NeACs and ReACs as per the E-Assessment Scheme, 2019.

II. Issue of IT orders, notices, summons, letters, etc. through a centralized system

In order to maintain proper audit trail of all communication between the taxpayers and Income-tax Department, Central Board of Direct Taxes (CBDT), has directed that all communications to the taxpayers by income-tax authority relating to assessment, appeals, orders, statutory or otherwise, exemptions, investigation, penalty, prosecution, rectification, approval shall be issued from 1st day of October, 2019 onwards with a computer generated Document Identification Number (DIN) duly quoted in such communication. In certain exceptional circumstances, the communications can be issued manually after taking written approval of CCIT/DGIT concerned. Such communications have to be regularized within 15 working days of its issuance by generating a DIN number and uploading on the system. In all pending assessment proceedings, where notices were issued manually, prior to issuance of this Circular, the income-tax authorities shall identify such cases and shall upload the notices in these cases on the systems by 31st October, 2019.

4.6 Investigation Division

During the Financial Year 2019-20, the Government has taken several steps, by way of policy-level initiatives and more effective enforcement actions on the ground to tackle the issue of black money. These steps include legislative and administrative measures, creation of more advanced systems and processes with due focus on capacity building and greater use of information technology.

i. **Search and seizure and survey actions:**

During F.Y. 2018-19*, search and seizure actions were carried out against more than 980 groups leading to seizure of assets worth over Rs. 1580 crores and admission of undisclosed income of over Rs. 18590 crores. Whereas, during F.Y. 2019-20* (upto October, 2019), search and seizure actions were carried out in over 750 groups. The actions in these cases led to seizure of assets worth over Rs. 810 crores and an admission of undisclosed income of over Rs. 4390 crores.

Further, during F.Y. 2018-19*, over 15400 surveys were conducted leading to detection of undisclosed income of over Rs. 16120 crores. Whereas, during F.Y. 2019-20* (upto October, 2019), over 3920 surveys were conducted leading to detection of undisclosed income of over Rs. 10630 crores.

(*Figures are provisional)

ii. **Prosecutions & compounding:**

Various measures have been taken by the Income-tax Department (ITD) in the recent past to strengthen the prosecution mechanism with a view to identify the deserving prosecutable cases at the earliest and pursue the same with due seriousness.

During F.Y. 2018-19, over 3500 prosecution complaints were filed and 105 persons were convicted. Whereas, during F.Y. 2019-20* (upto October, 2019), more than 720 prosecution complaints have been filed and 28 persons have been convicted.

Further, during F.Y. 2018-19, more than 2230 cases were compounded while during F.Y. 2019-20*, more than 760 cases have been compounded.

(* Figures are provisional.)

The Central Board of Direct taxes issues guidelines from time to time for streamlining the application of statutory prosecution provisions envisaged under Chapter XXII of the Income Tax Act, 1961 thereby ensuring that only deserving cases of habitual offenders or defaults with large revenue implications are selected for filing criminal prosecution complaints and minor cases of omission are not subject to any harassment. The latest such guideline on procedure for identification and processing of cases for prosecution under direct tax law has been issued on 9/09/2019 in the form of Circular No. 24/2019. The prescribed procedure clearly lays down that filing of prosecution complaints in deserving cases below the threshold limit is to be taken up only with the previous administrative approval of a collegium comprising senior most officers of the rank of Chief Commissioner of Income Tax/Director General of Income Tax (Investigation).

Further, with a view to mitigate unintended hardship to taxpayers in deserving cases and to reduce the pendency of existing prosecution cases before the courts, a one-time relaxation for a period up to December, 2019 was granted for seeking condonation of delay from Hon'ble FM in filing compounding application beyond 12 months of filing prosecution complaints.

iii. **Actions under The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ("the BM Act"):**

Recognizing the limitations of the Income-tax Act, 1961, etc. in dealing with black money stashed abroad, the Government enacted a comprehensive and a more stringent new law that has come into force w.e.f. 01.07.2015. It has separate taxation of undisclosed foreign income and assets; more stringent provisions for concealment penalties (equal to three times the amount of tax payable as against variable percentage under the Income-tax Act, 1961); more stringent provision for prosecutions (rigorous imprisonment up-to 10 years with fine for wilful attempt to evade taxes, etc. in relation to undisclosed foreign income/assets as against 7 years under the Income-tax Act, 1961); the offence of tax evasion under the new law has been made non-compoundable and the offenders will not be permitted to approach the Income-tax Settlement Commission and most importantly, for the first time, this law has included the offence of wilful attempt to evade tax etc. in relation to undisclosed foreign income/ assets as a Scheduled Offence under the Prevention of Money-laundering Act, 2002 (PMLA) enabling attachment and confiscation of the proceeds of crime of wilful attempt to evade such tax, etc. i.e. the black money stashed abroad, eventually leading to recovery of such undisclosed foreign income and assets/black money stashed abroad.

As an outcome of the actions taken by the Income-tax Department under the BM Act, as on 31/03/2019, undisclosed foreign assets and income valued at over Rs. 12180 crores (subject to fluctuations in currency conversion) have been detected. In 13 cases, information has been sent to Enforcement Directorate for action under PMLA, 2002. Further, as on 31.03.2019, more than 50 prosecution complaints have been filed under the BM Act.

Whereas, till 31/10/2019, undisclosed foreign assets and income valued at over Rs. 12500 crores (subject to fluctuations in currency conversion) have been detected. During FY 2019-20 (till 31.10.2019), in 18 more cases, information has been sent to Enforcement Directorate for action under PMLA, 2002. Further, as on 31.10.2019, 35 prosecution complaints have been filed under the BM Act during the year.

iv. **Actions under the Prohibition of Benami Property Transactions Act, 1988 ("the Benami Act"):**

The Benami Transactions (Prohibition) Amendment Act, 2016 was enacted to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of benami property and prosecution of the benamidar(s), beneficial owner(s) and/or abettor to such benami transaction. The amended statute is now known as the Prohibition of Benami Property Transactions Act, 1988 which came into force w.e.f. 1st November, 2016. The Benami Act provides for provisional attachment and subsequent confiscation of benami properties, whether movable or immovable. It also allows for prosecution of the beneficial owner, the benamidar and the abettor to benami transactions, which may result in rigorous imprisonment up to 7 years and fine upto 25% of fair market value of the property. The ITD has been implementing the Benami Act and in the process has set up 24 dedicated Benami Prohibition Units (BPUs) under its Investigation Directorates all over India to ensure swift action in respect of Benami properties.

As an outcome of unabated actions taken by ITD, during F.Y. 2018-19, show cause notices for provisional attachment of benami properties were issued in over 550 new cases and provisional attachment was made in over 650 cases. The value of properties under attachment was over Rs. 4760 crore. In more than 730 cases, references were made to the Adjudicating Authority under the Act. Further, in 530 cases, the Adjudicating Authority confirmed the orders of provisional attachment passed by the ITD. Moreover, during the F.Y. 2019-20 (upto October, 2019), show cause notices for provisional attachment of benami properties were issued in over 130 new cases and provisional attachment has been made in 115 cases. The value of properties under attachment is over Rs. 2240 crore. In more than 290 cases, references have been made to the Adjudicating Authority under the Act. Further, in over 770 cases, the Adjudicating Authority has confirmed the orders of provisional attachment passed by the ITD.

v. **Investigation in foreign assets cases:**

In HSBC bank accounts cases, as an outcome of investigation, undisclosed income of about Rs.8400 crore has been brought to tax on account of deposits made in unreported foreign bank accounts. Further, concealment penalty of about Rs.1200 crore has been levied in 172 cases. So far, 204 prosecution complaints in HSBC cases have been filed in 89 cases.

In International Consortium of Investigative Journalists (ICIJ) cases, sustained investigations conducted have led to detection of more than Rs.11,010 crore of credits in the undisclosed foreign accounts so far and 99 prosecution complaints in 58 such cases have already been filed before criminal courts. Investigation in the cases revealed in Panama Paper Leaks cases have led, as on 31.10.2019, to conduct of search and seizure action in 64 cases and survey action in 12 cases. In 38 cases, criminal prosecution complaints have been sanctioned; notices under section 10 of the Black Money Act issued in 53 cases. Investigations so far have detected undisclosed foreign investments of about Rs. 1565 crore.

In Paradise paper cases, as on 31.10.2019, Search & seizure and/or survey conducted in 31 cases, notices under section 10 of the Black Money Act issued in 40 cases; criminal prosecution complaints have been filed in 7 cases and undisclosed foreign investments detected of approx. Rs. 210 crores.

vi. **Updation of Survey Manual:**

The Survey Manual covering all aspects of survey u/s 133A of IT Act, 1961 was revised after a gap of 12 years. Some of the aspects related to survey action like need for a survey action, procedure for carrying out a survey, methodology for verification of stock, handling of digital data etc. have been covered in a detailed manner, keeping in mind the advancement in technology and new & innovative modus-operandi followed for tax evasion.

vii. **Updation of 'Techniques of Investigation' Manual:**

In view of the economic transactions getting integrated across the borders and to keep the tax authorities abreast with the cutting-edge developments in the field of tax investigations, the 'Manual on Techniques of Investigation', released in the year 2002 is being revised. Till date updated Volumes I to IV of the "Techniques of Investigation Manual" have been published, which deal with issues involved in investigation of undisclosed foreign assets, role of GST in tax investigations, conducting investigations in cases involving transactions in commodity markets, money and currency markets, derivatives, the latest concepts and technology for handling digital evidences and conducting their forensic examination and the essential aspects of bitcoins and cryptocurrencies, the tax-related issues arising in Joint Ventures with foreign multi-national corporations and foreign manufacturer etc.

4.7 Audit and Judicial Division

I. Judicial Work

Measures initiated to reduce litigation before the appellate forums:

Following steps have been taken to reduce the litigations at various appellate forums:

(i) Vide CBDT Circular No. 17 of 2019 dated 08.08.2019, Monetary limits of filing departmental appeals to ITAT/ High Court/ Supreme Court were significantly enhanced to tax effect of Rs. 50 lakhs, 1 Crore and 2 Crore from earlier limits of Rs. 20 lakhs, 50 lakhs and 1 Crore. As a result, 6038 and 6000 departmental appeals have been identified and withdrawn from ITAT and High Courts, respectively. Similarly, 1041 cases have been withdrawn from Supreme Court.

(ii) To reduce pendency and enable faster disposal of pending cases in Supreme Court, 22 issues totalling approx. 1000 pending cases have been identified for bunching them together and request has been made to Hon'ble Supreme Court for early fixation of cases on priority.

(iii) Central Technical Committee (CTC) has been created at the level of CBDT to resolve contentious legal issues and to formulate Departmental View/ Settled View. CTC has issued 30 Circulars on Settled Issues/ Departmental View, with directions to withdraw/not press such Departmental appeals before HC/ SC.

(iv) Department has issued Standard Procedure for handling matters relating to frequently litigated sections, i.e. section 14A, 68 and 147. It is expected that these standard procedures will go a long way in minimizing litigation.

II. Audit and PAC work

General Functioning:

(i) Acknowledging the importance of Comptroller and Auditor General (C&AG) and Public Accounts Committee of Parliament in providing checks and balances, each observation of the C&AG by way of Draft Paragraphs (DPs) and System Appraisals is thoroughly examined by the Audit & Public Accounts Committee (A&PAC) Section of CBDT in the Ministry. The replies/ comments of the Ministry are compiled in consultation with the field authorities and then furnished to the C&AG and the PAC as the case may be.

(ii) The Performance Audit Reports and draft paras reported by the C&AG and the report of PAC on the subjects selected by the PAC are also examined by (A&PAC) Section of CBDT in the Ministry and Action Taken Notes (ATNs) are prepared and furnished to the C&AG till they are finally settled.

Performance:

(iii) During the year, Compliance Report No. 9 of 2019 [Tabled before Parliament on 30/07 /2019] having 472 draft paras was dealt with. Besides draft paras, there were seven chapters / long draft paras involving multiple illustrated cases. Initial replies on 446 draft paras as well as chapters were sent and draft A'I'Ns were uploaded in some of the cases and chapters. It may be mentioned here that all 472 draft para/ cases are in process of settlement to the satisfaction of the C&AG during the year.

(iv) Action Taken Reports in two PAC reports [Report No. 103 and Report No. 104] have been sent to PAC and Report No. 136 is in the process for submission of Report.

Internal Audit:

(v) A statement of Internal Audit Objections with revenue effect is given below: -

Objection Raised/ Settled & Balance pending for the period 01.04.2019 to 31/10/2019:

	Number of objections up to 31/10/2019	Amount (Rs in Lakh)
Opening Balance as on 01/04/19	31,049	11,41,468
Raised	6,592	2,28,293
Total	37,641	13,69,761
Settled	5,068	1,78,630
Outstanding	32,573	11,91,131

SAC Meetings:

(vi) The SAC meetings have been held regularly under the chairmanship of the Addl. Secretary (Revenue) for monitoring the settlement of audit paras.

4.8 Foreign Tax and Tax Research Division

4.8.1 Policy Issues on International Taxation

4.8.1.1 India's Active participation in work related to addressing tax challenges of Digital Economy

(i) As a part of follow up work on outcomes of Action 1 report of BEPS project on addressing the challenges of digital economy, India has been active participant in OECD/G20 initiatives relating to taxation of digital economy and has consistently supported the need to address the tax challenges arising out of new business models in digital technology which have transformed the way the business operates. The Task Force on the Digital Economy (TFDE), a subsidiary body of the Committee on Fiscal Affairs (CFA) in which non-OECD G-20 countries participate as Associates on an equal footing with OECD member countries, was established in September 2013 to develop a report identifying tax issues raised by the digital economy and detailed options to address these challenges.

(ii) The mandate of TFDE was renewed by the Inclusive Framework (IF) on BEPS in January, 2017 and this included delivery of an interim report on the tax challenges of digital economy in 2018 and a final report by 2020. India being a member of the TFDE Bureau, has actively participated in all the meetings of TFDE during the year and submitted its inputs and comments on various issues raised during the meetings. In March 2018, the BEPS Inclusive Framework (IF), working through its Task Force on the Digital Economy (TFDE), issued Tax Challenges Arising from Digitalization - Interim Report 2018 (the Interim Report). The impetus to the current work was provided by the G20 timeline of 2020 for finding a solution to the problem. Subsequently, after multiple discussions at forum of IF and TFDE and following the public consultation in March 2019, the Inclusive Framework agreed to a Programme of Work (PoW) at meeting held in Paris in May 2019 based around following two pillars:

- Pillar One focusses on the allocation of taxing rights, and seeks to undertake a coherent and concurrent review of the profit allocation and nexus rules;
- Pillar Two focusses on the remaining BEPS issues and seeks to develop rules that would provide jurisdictions with a right to "tax back" where other jurisdictions have not exercised their primary taxing rights or the payment is otherwise subject to low levels of effective taxation.

(iii) In this process, G-24 backed by India put forward a proposal based on Significant Economic Presence and proposed profit attribution through fractional apportionment method. India's proposal was included as part of the above-mentioned public consultation document. The solution proposed is simple and seeks for a revision of nexus rules based on sustained and significant presence in the economy which can be determined by revenue threshold and additional digital factors like number of users, contracts etc. The above PoW stresses for a solution to be delivered in 2020. The PoW was subsequently endorsed by the G20 Finance Ministers and Central Bank Governors in their meeting held in June 8-9, 2019 at Fukuoka, Japan and by the G-20 leaders in Osaka, Japan.

(iv) Subsequently, OECD carried out two public consultations on "Secretariat's proposals for Unified Approach" under Pillar 1 and on "Pillar 2" in which India has actively participated and raised in concerns, wherever required, which have been duly documented. Presently, in order to find a solution based on global consensus, India is deeply engaged in the discussions on Pillar 1 and 2 at international level with the OECD and Inclusive Framework on BEPS comprising of 137 member countries, which has been mandated by the G-20 to find a consensus solution to address the tax challenges arising from digital economy.

4.8.1.2 Committee to examine issues related to Attribution of Profits to PEs in India and amendments of Rule 10 of Income Tax Rules:

(i) A committee was constituted with the approval of Chairman, CBDT to examine the issues related to attribution of profits to Permanent Establishments in India and to suggest amendments to Rule 10 of Income Tax Rules, 1962. The committee consisted of 12 members and was headed by JS [FT&TR-I] as the chairperson of the committee. Due to expansion in the definition of PE due to BEPS, it was felt that it is important to focus on how profits had to be attributed to PEs in India. It was also important in view of the strong reservations of India with respect to Article 7 introduced by the OECD MTC 2010 as per which the profit attribution to PE has to be done on the basis of FAR analysis. FAR method is entirely based on supply side factors and does not give any weightage to the contribution of demand side factors, which are very important in earning of profits by any enterprise. Adoption of FAR based approach for attribution of profits to PE in the source jurisdiction is neither in accordance with economic principles nor does it capture true profit attributable to PE.

(ii) During the year number of meetings of the committee took place and the report was finalised titled as "Proposal for Amendment of Rules for Profit Attribution to Permanent Establishment" and with the approval of Chairman, CBDT a public consultation was also carried out in the said report. The report of the committee was well received in public. Some comments from stakeholders like ICRICT and BEPS Monitoring group were very supportive of the proposal. Subsequently, after analyzing the public comments and seeking feedback of the Committee members on the same, the report along with the public comments was submitted to TPL division of the CBDT for considering changes in the Rule 10 of Income-Tax Rules, 1962

4.8.2 Negotiation of Tax Treaties

(i) 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 31.12.2019, 95 DTAAs are in force.

(ii) In old DTAAs (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 DTAAs, 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.

(iii) India has actively participated in the Base Erosion & Profit Shifting (BEPS) project of OECD/G-20 and endorsed the outcomes of the BEPS project which were in the form of 15 action points for addressing tax avoidance by Multinational Enterprises. Under BEPS Action 15, the BEPS outcomes and minimum standards that all countries have agreed to, are being implemented by the signing of the Multilateral Convention for Implementation of Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting also called as Multilateral Instrument (MLI).

(iv) India is a signatory to the MLI along with the 92 other signatories (as on date) and it has notified 93 DTAAs under Covered Tax Agreements proposed to be modified by the MLI depending upon the treaty partners notifying the same under MLI. On 25th June, 2019, India deposited the Instrument of Ratification to OECD, Paris along with its Final Position in Terms of Covered Tax Agreement (CTAs), Reservations, Options and Notifications under the MLI, as a result of which MLI entered into force for India on 01st October, 2019 and its provisions will have effect on India's DTAAs from FY 2020-21 onwards.

(v) India as a member of Inclusive Framework on BEPS is committed to implement the minimum standard under BEPS Action 6 and BEPS Action 14. The minimum standards are to be met in respect of DTAAs with Inclusive Framework countries. Implementation of minimum standards under these BEPS actions will be subject to a peer review process by OECD as well. Minimum standards under both Action 6 and 14 can be met through MLI if the treaty partner has also signed MLI. However, in case of four countries viz. Canada, Macedonia, Trinidad & Tobago and Ukraine, these minimum standards were required to be met through bilateral amending protocols. Accordingly, the CBDT has shared drafts of the amending protocols with said countries so as to meet minimum standard under BEPS Action 6 and BEPs Action 14. Further, since Sri Lanka is not a signatory to the MLI as of now, bilateral amendment is required in the case of India's DTAA with Sri Lanka with respect to updation of the Preamble and insertion of PPT provision under Action 6. Accordingly, Protocol amending the India-Sri Lanka DTAA is under submission to the Cabinet for its approval, post completion of inter-ministerial consultations.

(vi) Besides the above, during the year 2019 the following steps have been taken to augment India's tax treaty network:

(a) Steps have been taken for bilateral revision of existing treaties to make it more relevant & updated by incorporating the provisions which will align the existing DTAAs with the present international standards and the positions taken by India under MLI. In this regard, renegotiation has been started with France and Denmark to revise the existing treaties. First round of negotiations has already taken place and substantial progress has been made with these two countries.

(b) India has sent its proposal to Italy for revising the treaties either through Amending Protocol or comprehensive revision.

(c) Germany and Switzerland have not included India in its covered tax agreements under MLI, hence India has proposed them for entering into an Amending Protocol to align the treaty with MLI and present international standards.

(d) Post ratification of MLI, synthesized text of MLI and DTAAs with Singapore and UAE has been published on the department website for the benefit of all stakeholders.

(e) Negotiation with Azerbaijan is also underway and is at advanced stage for entering into DTAA.

(f) During this year an amending protocol which was signed between India and Spain in 2012 was also notified in the official gazette.

(g) The Protocol amending India-China DTAA has been notified in the Official Gazette on 17th July, 2019, and shall have effect in India from 1st April 2020.

(h) The Protocol amending the Agreement between India and Kyrgyz Republic DTAA was signed on 14th June, 2019 and ratified by the Hon'ble President of India and coordination with MEA (and Kyrgyz Republic) is under way for entry into force of the Protocol.

(i) The third round of negotiation for signing DTAA with Chile was held by the two sides in June, 2019. In this meeting, agreement was reached on all the outstanding articles. Cabinet has approved signing of DTAA.

(j) Cabinet has approved the signing of the protocol amending the DTAA between India and Brazil.

(k) The signing of India-Brunei TIEA took place on 28.02.2019 in New Delhi.

(l) The Protocol amending the Convention between Morocco and India for the Avoidance of Double Taxation and prevention of Fiscal Evasion with respect to Taxes on Income was signed at the Government level at New Delhi on 08.08.2013, has entered into force on 15.07.2019 and has been notified in the official Gazette on 22.10.2019.

(vii) 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 30.12.2019, 20 TIEAs are in force.

(viii) 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 27.11.2019, 135 countries/ jurisdictions have signed/joined the Multilateral Convention and it has come into force for 120 countries/jurisdictions.

(ix) The SAARC Countries have signed agreement on 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.

(x) In the modified/renegotiated DTAAs as also in the new DTAAs/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.

4.8.3 Role of Tax Treaties in Prevention of Fiscal Evasion and Tackling of the Menace of Black Money

(i) 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 offshore financial centres, 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.

(ii) The "legal instruments" through which information can be efficiently obtained for the purposes of investigation under Indian tax laws are the DTAAs, 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.

(iii) The Government of India can obtain information which is "foreseeably relevant" for administration and enforcement of domestic laws concerning taxes from 153 countries/jurisdiction under DTAAs/ 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 Appendix 'D' lists the countries/jurisdictions and the current status of tax treaty with that country/jurisdiction.

(iv) 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.

(v) The following additional steps have been taken by the Government in recent past for effectively utilizing the above mechanism of Exchange of Information:

a) Bilateral meeting was held with the UK Exchange of Information (EOI) and Assistance in Collection of Taxes (ACT) teams in the month of May 2019 wherein detailed discussion was held on the policy issues in EOI, pendency of requests for information and enhancing mutual administrative assistance between the two countries. This has resulted in better responsiveness from the UK and resolution of long pending issues. A detailed deliberation was also held with UK ACT team to enhance ACT relations between the two countries through an MOU.

b) Bilateral meeting was held with the Swiss authorities in the month of August 2019 wherein detailed discussion was held on automatic exchange between the two countries, EOI policy issues, the pendency of requests for information and enhancing mutual administrative assistance. The two sides also examined the progress made in exchange of information in the HSBC leaks cases which was pending thus far and the automatic exchanges of financial account information which have taken place in September, 2019. Secretary level meeting was also held with the Swiss authorities in November, 2019 during which the two sides welcomed the start of automatic exchange of financial account information between the two sides. A joint statement was also signed by the Secretaries of the two sides.

c) Bilateral meeting was held with the US authorities in the month of September 2019 wherein detailed discussion was held on EOI policy issues, the pendency of requests for information and enhancing mutual administrative assistance. This has resulted in better responsiveness from the USA.

d) Meetings were held with other tax authorities on side lines of other international meetings such as those with the tax authorities of Jersey, Cayman Islands, Bermuda etc. 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.

e) The Central Action Plan issued by the CBDT, 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 2019 also mandates that every Pr.

CIT charge will organize training and sensitization programme for making proper references under tax treaties.

f) Regular trainings programs have also been held at places like NADT, Mumbai, Delhi, Bengaluru etc. 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) Workshops on Exchange of Information were also held with Investigation Wings of Mumbai, Delhi and Bengaluru to reconcile pendency of requests, discuss issues faced in EOI by both sides and sensitize the officers about requirements of foreign tax authorities and other aspects of EOI.

h) Steps are also being taken to ensure that the information received from our treaty partners is effectively utilized to combat tax evasion and avoidance.

i) Efforts are also being made to complete investigations quickly and file complaints/ prosecutions in appropriate cases expeditiously.

(vi) 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.

(vii) Under most of the DTAAs 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 mostly relates to interest, dividend, salary, pension etc. and further is not in a standard format and thus is not very effective in prevention of offshore tax evasion. The global standard on AEOI has, therefore, been developed under guidance and leadership of G20 countries which has made a sea change in our ability to address offshore tax evasion.

(viii) In many Indian DTAAs, 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 some 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.

(ix) The other form 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.

4.8.4 Tax Issues in G20

(i) India is a leading contributor to the discourse on international tax issues at G-20 in all its meetings at the level of Leaders (represented by Hon'ble PM of India), Finance Ministers, Central Bank Governors and Deputies. The International Tax Issues features prominently in the G20 Agenda and primarily consist of Base Erosion and Profit Shifting (BEPS) and Automatic Exchange of Information (AEOI). The paragraph on tax issues in the recent communique of the G-20 Leaders at Osaka, Japan in June, 2019 states as follows:

"We will continue our cooperation for a globally fair, sustainable, and modern international tax system, and welcome international cooperation to advance pro-growth tax policies. We reaffirm the importance of the worldwide implementation of the G20/OECD Base Erosion and Profit Shifting (BEPS) package and enhanced tax certainty. We welcome the recent progress on addressing the tax challenges arising from digitalization and endorse the ambitious work program that consists of a two-pillar approach, developed by the Inclusive Framework on BEPS. We will redouble our efforts for a consensus-based solution with a final report by 2020. We welcome the recent achievements on tax transparency, including the progress on automatic exchange of information for tax purposes. We also welcome an updated list of jurisdictions that have not satisfactorily implemented the internationally agreed tax transparency standards. We look forward to a further update by the OECD of the list that takes into account all of the strengthened criteria. Defensive measures will be considered against listed jurisdictions. The 2015 OECD report inventories available measures in this regard. We call on all jurisdictions to sign and ratify the multilateral Convention on Mutual Administrative Assistance in Tax Matters. We reiterate our support for tax capacity building in developing countries."

(ii) India remains committed towards consistent implementation of BEPS package and has been actively involved in the work being done on addressing the tax challenges arising from digitalization. India has consistently stated that a level playing field should be maintained in the implementation of the global standards on tax transparency. However, more work needs to be done to maintain a level playing field, particularly as a number of countries / jurisdictions are yet to exchange information with all interested appropriate partners. India has urged that the Global Forum should evolve mechanisms to effectively monitor and further update the progress made by all committed jurisdictions with respect to implementation of AEOI and actual exchanges carried out between all interested appropriate partners within the committed timelines and report the same to the G20. It should list jurisdictions taking note of the OECD's criteria for identifying jurisdictions that have not satisfactorily implemented the internationally agreed standards of tax transparency. India has suggested that OECD should, by end of 2019 propose possible defensive measures to be taken against jurisdictions that do not adhere to the international standards of tax transparency including effective exchange of information under CRS. The review of implementation of the AEOI standard by committed jurisdiction will begin in 2020. G20 should, therefore, closely monitor the developments to ensure that the level playing field is maintained which may include brining more and more jurisdictions under the commitment process. Further, the Global Forum may be asked to identify jurisdictions of relevance for Automatic Exchange of Information by the 2020 Leaders' Summit so that they may be asked to commit to the AEOI Standard. This is particularly significant as the financial assets would be shifted to such jurisdictions and would go unreported thereby rendering the entire process ineffective and also pose a serious threat to the maintenance of a level playing field.

(iii) The worldwide implementation of AEOI under CRS in 2018 has ushered in a new era of tax transparency. India believes that there is a need for adopting a whole of Government approach in dealing with cross-border exchange of financial information automatically under the CRS. Towards this goal it is necessary for the recipient jurisdiction to share the financial information received under CRS with other Law Enforcement Agencies. India believes that the goal on promoting exchange of information may be broadened in scope to 'Enhancing mutual administrative assistance in tax matters. Wider cooperation for mutual administrative assistance in tax matters through the Multilateral Convention on Mutual Administrative Assistance in Tax Matters should provide opportunities for closer collaboration between revenue agencies to investigate tax affairs of offenders who commit financial crimes and cross borders for escaping investigations and facing the consequences under law. Various avoidance schemes have come up recently in the form of Residency by Investment/Citizenship by Investment/CRS avoidance schemes. India has urged G20 to call upon countries to cooperate in this area. India is of the view that any exchange of financial account information will be useful when there is legal instrument between jurisdictions to provide assistance in collection of taxes so that the offshore assets of the taxpayer are not only taxed but ultimately brought back in India (country of residence) through recovery of taxes raised against those assets. There is a need to initiate work towards broader cooperation and standards-setting in the area of Administrative Assistance in Collection of Taxes. India has also raised the need to develop a Taxation Working Group in the G20 so as to analyse the work carried out by International Organizations before the same are considered at the level of Finance Ministers and the Leaders.

4.8.5 G20/OECD Project on Base Erosion and Project Shifting (BEPS)

(i) 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.

(ii) 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 and expected outcome are summarized below:

S. No.	Action	Expected Output
1.	**Address the Tax Challenges of the Digital Economy**	Report identifying key issues raised by the digital economy and possible actions to address them
2.	**Neutralise the effects of hybrid mismatch arrangements**	Changes to the Model Tax Convention
		Recommendations regarding the design of domestic rules
3.	**Strengthen CFC rules**	Recommendations regarding the design of domestic rules
4.	**Limit Base Erosion via Interest Deductions and other financial payments**	Recommendations regarding the design of domestic rules
		Changes to the Transfer Pricing Guidelines
5.	**Counter harmful tax practices more effectively, taking into account transparency and substance**	Finalise review of member country regimes
		Strategy to expand participation to non-OECD members
		Revision of existing criteria
6.	**Prevent Treaty Abuse**	Changes to the Model Tax Convention
		Recommendations regarding the design of domestic rules
7.	**Prevent the artificial avoidance of PE status**	Changes to the Model Tax Convention
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
		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
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
11.	**Establish methodologies to collect and analyse data on BEPS**	Recommendations regarding data to be collected and methodologies to analyse them
12.	**Require taxpayers to disclose their aggressive tax planning arrangements**	Recommendations regarding the design of domestic rules
13.	**Re-examine Transfer Pricing Documentation**	Changes to Transfer Pricing Guidelines and Recommendations regarding the design of domestic rules
14.	**Make dispute resolution mechanisms more effective**	Changes to the Model Tax Convention
15.	**Develop a Multilateral Instrument**	Report identifying relevant public international law issues
		Develop a multilateral instrument

(iii) The G20 countries 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, India, 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.

(iv) 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".

(v) The Committee on Fiscal Affairs (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. Accordingly, India, Brazil, China and South Africa now represent the eight non-OECD G20 countries in the Bureau Plus.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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 was presented to G20 Finance Ministers during the meeting in Lima, Peru on 8th October, 2015 and were endorsed by the G20 Leaders at Antalya, Turkey in November, 2015.

(x) 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 overs (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 had joined an ad hoc group to draft a multilateral instrument which has been finalized and adopted in November 2016. This will implement the treaty-related BEPS measures and facilitate the modification of bilateral tax treaties in a synchronized and efficient manner, without the need to invest resources to bilaterally renegotiate each treaty.

Implementation of BEPS Recommendations

(xi) Countries are sovereign and it is therefore up to them to implement the 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 continued to work on equal footing to complete the areas which required further work in 2017 and continued to do so in 2018, 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.

(xii) 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 report with regard to the 15 Action Points along with action taken on those recommendations is placed at Appendix 'E'.

BEPS Inclusive Framework

(xiii) In Ankara in September 2015, the OECD was mandated by the G20 Finance Ministers to build an inclusive framework for implementation and to report to them by early 2016. The architecture for the inclusive framework was agreed at the January and March meetings of the CFA and welcomed by G20 Finance Ministers at their meeting in Shanghai on 26-27 February and 14-15 April 2016 at Washington D.C. In the April meeting, the G20 Finance Ministers, noting that the first meeting on inclusive framework was to be held in June 2016, encouraged all relevant and interested jurisdictions to join the new inclusive framework on an equal footing. The work of Inclusive Framework includes consideration of the manner in which non-OECD countries will consider themselves committed to the agreed rules and their implementation. India continues to contribute to this important phase of the BEPS Project.

(xiv) The first meeting of the CFA and BEPS Inclusive Framework was held in Kyoto, Japan from 30th June 2016 and 1st July 2016. In this meeting several governance issues for the inclusive framework as well as future road map were discussed and decided. As on December 31, 2018, total 127 members have joined the Inclusive Framework. The Steering Group of the Inclusive Framework comprises members from 22 countries. India has a representation in the Steering Group of the Inclusive Framework. India strongly supports the inclusive approach of the 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. India shall actively participate in the Inclusive Framework to also ensure that the concerns of the developing countries are appropriately addressed in the implementation phase.

(xv) Today the countries and jurisdictions who have joined the Inclusive Framework have all committed to implement the BEPS package, and are now progressing the Inclusive Framework's mandate, which is to:

(a) Review the implementation of the four BEPS minimum standards;

(b) Gather data for the monitoring of the other aspects of implementation, including under BEPS Action 1 (on the tax challenges of the digital economy) and Action 11 (on measuring and monitoring BEPS);

(c) Finalize the remaining technical work to address BEPS challenges; and

(d) Support jurisdictions in their implementation of the BEPS package, including by providing further guidance on the standards and by developing toolkits for low income countries.

(xvi) In last one-year significant progress has been made in implementation of the BEPS package, including the four minimum standards, and these measures are already having major impact on BEPS activities. The work of the Inclusive Framework in this 12-month period has been related to the establishment of the peer review processes, the ongoing standard-setting work and delivery of guidance on implementation, as well as the assistance being delivered, often in partnership with other international organizations and regional bodies, to ensure all countries and jurisdictions are supported in the BEPS implementation process. In all these processes India has played active role and supported positive initiatives keeping in mind concerns of developing nations.

4.8.6 Automatic Exchange of Information (AEOI)

(i) 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 DTAAs and Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

(ii) Although exchange on "request basis" has resulted in improving transparency, its scope is limited since the offshore financial centres 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.

(iii) 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.

(iv) 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. Government of India is emphasising at various international fora, 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.

(v) In keeping with its leadership role in this area, India also joined a group of 49 countries as "early adopters" of the new standards and has commenced exchange of information in 2017. As on date, while 153 countries/jurisdictions, including India, have expressed their commitment to implement CRS on AEOI in certain timeframe, 47 developing countries are yet to set the date for first automatic exchange. The current status of commitment for AEOI is tabulated below:

AEOI: STATUS OF COMMITMENTS[1]

JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2017 (49)
Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus[2], Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks and Caicos Islands, United Kingdom
JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2018 (51)
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan[3], The Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Curacao, Dominica, Greenland, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Lebanon, Macau (China), Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan[3], Panama, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, Uruguay, Vanuatu
JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2019 (2)
Ghana[3], Kuwait[4]
JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2020 (7)
Albania[3], Kazakhstan[5], Ecuador[3], Maldives[3], Nigeria[3], Oman[4], Peru[3]
DEVELOPING COUNTRIES HAVING NOT YET SET THE DATE FOR FIRST AUTOMATIC EXCHANGES (47)
Armenia, Benin, Bosnia and Herzegovina, Botswana, Burkina Faso, Cape Verde, Cambodia, Cameroon, Chad, Côte d'Ivoire, Djibouti, Dominican Republic, Egypt, El Salvador, Eswatini, Gabon, Georgia, Guatemala, Guinea, Guyana, Haiti, Honduras, Jamaica, Kenya, Lesotho, Liberia, Madagascar, Mauritania, Moldova, Mongolia, Montenegro, Morocco, Namibia, Niger, North Macedonia, Papua New Guinea, Paraguay, Philippines, Rwanda, Senegal, Serbia, Tanzania, Thailand, Togo, Tunisia, Uganda, Ukraine

(vi) For implementation of AEOI under CRS, as on 26.11.2019 107 countries/jurisdictions have joined the Multilateral Competent Authority Agreement ("MCAA") which provides a framework for exchange of information on automatic basis as per the new global standards. After joining the framework of the MCAA, as above, countries/jurisdictions need to enter into bilateral/multilateral arrangements for exchanging information subject to confidentiality and data safeguards requirements in the recipient country/jurisdiction. India has signed MCAA on 3rd June 2015.

(vii) As committed by India, the first exchanges have taken place in September 2017 and the same is reflected in the AEOI Report of the Global Forum. India has automatically exchanged information for calendar year 2016, 2017 and 2018 on reciprocal basis with jurisdictions with whom AEOI has been activated.

(viii) The new global standards are very wide in scope and oblige the treaty partners to exchange wide range of financial information after collecting the same from financial institutions in their country/ jurisdictions including information about the ultimate controlling persons and beneficial owners of entities.

(ix) AEOI based on CRS, when fully implemented, would enable India to receive information from every country in the world including offshore financial centres and tax havens and would be the key to prevent international tax evasion and avoidance and would be instrumental in getting information about money stashed abroad and ultimately bringing it back.

4.8.7 Inter-Governmental Agreement (IGA) with USA for purposes of FATCA

(i) 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.

(ii) Under IGA, India receives information about Indian tax residents who have financial accounts in the 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.

Reporting of information under the IGA with USA began from 30th September, 2015 and information pertaining to the calendar year 2014, 2015, 2016, 2017 and 2018 has already been exchanged between the two countries.

Implementation of AEOI and FATCA

(iii) 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.

(iv) 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. To address the evolving issues in the implementation the Guidance Note has been updated on 31.12.2015, 31.05.2016 and 30.11.2016. The financial institutions submitted their first report in form 61B by 31.05.2017 based on which India has started exchange of information automatically under FATCA and CRS from 30th September, 2017. India has conducted exchanges in 2018 and 2019 on similar lines. India has also received information related to calendar year 2016, 2017 and 2018 from the USA.

4.8.8 India's Association with OECD

(i) 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).

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 (GRTP)**

During the year, files were processed for nomination of Senior level Officers of the Department in respect of foreign deputation to attend the following important meetings/ conferences:

- IMF-Japan: High level International tax conference for Asian Countries,

- IFA Congress,
- Joint Meeting of Tax and Environment Experts,
- India-Thailand Joint Tax Force,
- OECD Task Force of Tax Crime and Other Crime,
- IBFD Taxation of Digital Economy,
- IMF TADAT Seminar

During the year, 28 officers in all were deputed for attending OECD GRTP programme. Two OECD GRTP programmes were conducted in NADT. One programmes for the tax probationers of Bangladesh was conducted at NADT.

(b) **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.

Forum on Harmful Tax Practices (FHTP) of CFA, OECD is presently undertaking work under Action 5 of Base Erosion and Profit Shifting (BEPS) Action Plan. Under Action Item 5 of BEPS Action Plan, FHTP is required to deliver three outputs (i) Finalization of review of member/associate county regimes; (ii) A strategy to expand participation to non-OECD member countries; (iii) Revision of existing criteria.

During 2019, India's transparency framework under Action 5 of the Base Erosion and Profit Shifting was reviewed positively

(c) **OECD's Working Party 1**

The Working Party 1 on Tax Conventions and Related Questions was created on 1st May 1971 with the mandate to act as a forum for the discussion of issues related to the negotiation, application and interpretation of tax conventions, to examine proposals for the modification of the OECD Model Tax Convention and to draft appropriate recommendations for dealing with the issues it has examined and for periodic updates to the Model Tax Convention. Since then WP-1 has brought out multiple updates to the Model Tax Convention latest being 2017 update which was released on 18th December, 2017. Being an active participant to this forum, India has protected its source-based taxation rights by successfully incorporating its consistent positions, wherever required, under various articles in the recently released 2017 update to the OECD Model Tax Convention. India's reservation to the Articles and commentary are recorded under the Chapter "Non-OECD Economies' positions on the OECD Model Tax Convention".

India has been regularly participating in the deliberations of WP-1 and contributing to working on issues related to tax treaties, model tax conventions and their commentaries, including all emerging issues requiring amendment to the model tax conventions and their commentaries. The work area of WP-1 also includes follow-up work undertaken in respect of Action 6 (Preventing Treaty Abuse), Action 7 (Preventing Artificial Avoidance of PE status) and Action 14 (Making dispute Resolution More Efficient) of the BEPS project, as identified in the final reports of these actions, which have already been endorsed by OECD and G-20 Countries including India.

In view of the ongoing work on taxation of digital economy, WP1 has also been tasked with carrying forward the work on building the consensus solution for addressing the tax challenges arising from digitalisation of the economy especially with regard to formulation of new nexus rule under pillar 1 and treaty related issues under Pillar 2. Considering India's active involvement and valuable contribution to the ongoing work on taxation of digital economy, India has also been opted as member of Extended Bureau of the WP1, which proposes to undertake the technical work on formulating new nexus rule under Pillar 1 and the tax treaty-related issues arising out of Pillar 2 (GloBE) encompassing the design of a switch-over rule for tax treaties; a subject to tax rule for inclusion in tax treaties; and the compatibility of the Pillar 2 proposals with tax treaty obligations.

(d) **OECD's Working Party 2**

Working Party No.2 (WP2) of OECD provides an opportunity to convey India's views on important subjects of tax policy. BEPS Action Point 11 has finalized report titled "Measuring and Monitoring BEPS". It inter alia involves:

a. Establishing methodologies to collect and analyses data on BEPS and the actions to address it:
b. Develop recommendations regarding indicators of the scale and economic impact of BEPS and ensure that tools are available to monitor and evaluate the effectiveness and economic impact of the actions taken to address BEPS on an ongoing basis.

WP2 is also the nodal body for conducting Economic Impact Assessment of Proposals being considered for Tax challenges of digitalization of the economy. This division has coordinated with the WP2 in this economic impact assessment, giving inputs wherever necessary.

(e) **OECD's Working Party 10**

The mandate of OECD Working Party 10 (WP 10) on Exchange of information and Tax Compliance is to provide support for improvements in the legal, practical and administrative framework to facilitate exchange of information and mutual administrative assistance between the countries with the view to improving tax compliance and ensuring protection of taxpayers' rights.

The financial crisis of 2009 was a watershed for fighting tax havens when the G20 announced that the "era of bank secrecy is over". Global Forum on Transparency and Exchange of Information for Tax Purposes was restructured to strengthen the capacity for co-operation in international tax matters and it developed a standard of transparency and exchange of information for tax purposes (EOIR). It was also decided to implement automatic exchange of information (AEOI), which is systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country, on a global basis to curb offshore tax evasion. The G20 Leaders in the Los Cabos summit in June, 2012, accordingly requested the OECD to work with G20 countries to develop a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). The OECD Working Party 10 (WP 10) on Exchange of information and Tax Compliance was entrusted with the work of developing standards for AEOI. WP 10, working with G20 countries, developed the CRS on AEOI which was endorsed by the G20 Finance Ministers in their meeting in Cairns on 21.09.2014. The Hon'ble Prime Minister in his intervention at the G20 Leaders' Summit on 16th November, 2014, in Brisbane strongly supported the new global standard on AEOI and stated that this would be instrumental in getting information about unaccounted money hoarded abroad and enable its eventual repatriation.

The Government of India took a leading role in international fora, including at 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. 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 starting from 2017. WP 10 has not only played the instrumental role in development of AEOI Standards, it is even now continuously issuing FAQs and other guidance to clarify the matters pertaining to implementation of CRS on AEOI.

Two meetings of the WP 10 and one meeting of the WP 10 Expert Subgroup (ESG) were attended during the year - one in March 2019 and one in October 2019. During these meetings, the main discussion was on model rules for reporting on Sharing and Gig Economies and a Guidance document on confidentiality provisions of tax treaties. The guidance document on confidentiality was finalised during the meeting on October, 2019. There were also discussions on enhanced co-operation under the tax treaties in the field of Joint Audit and Assistance in collection of taxes.

India has also been offered associate status in the Working Party 10 of the OECD which was accepted by India in November, 2019.

(f) **OECD's Working Party 11**

WP11 is entrusted with the responsibility of addressing the following BEPS Action Points related to 'Aggressive Tax Planning' (ATP):

Action Item No. 2 - Neutralize the effects of hybrid mismatch arrangements;

- Action Item No. 3 - Strengthening Controlled Foreign Corporation (CFC) Rules;
- Action Item No. 4 - Limit Base Erosion via Interest Deductions and other Financial payments; and
- Action Item No. 12 - Require taxpayers to disclose their aggressive tax planning arrangements [Mandatory Disclosure Regime (MDR)].

India has been actively associated with WP11 and in 2015 Indian delegate was elected as a Vice-chair of Working Party 11, being only the second non-OECD country (China is the other) to have a representation in a leadership position of the subsidiary body of OECD. The Indian delegate continues to be the Vice-chair of WP 11 and as a Vice-Chair of WP11 Indian delegate has the additional responsibility of conducting WP11 meetings, participating in the decision-making process of the Bureau of WP11, to determine the agenda/program of work for WP11 etc.

As part of the work being done for the consensus solution to address tax challenges posed by digitalisation, OECD Working Parties have been assigned work proposed by the Program of Work which was approved by the G20/OECD Inclusive framework (IF) (of which India is also a member) in its meeting held in May 2019. The working party meetings are being held to carry out the technical work on the proposed unified approach under Pillar One concerning "Nexus" and "Profit allocation" challenges arising from digitalisation and Global Anti-Base Erosion (GloBE) proposal under Pillar Two. Working Party 11, which has responsibility for the development of coordinated measures to address aggressive tax planning, has been called upon to advance the work on Pillar Two liaising with other working parties as necessary. The WP-11 has to work on technical aspects of Pillar 2 of this new tax regime, which will concentrate on areas such as inclusion rule, switch over rule, undertaxed payment rule, subject to tax rule, etc. It may be noted that these Issues are of significance and relevance to both, the Indian tax authorities as well as the Indian taxpayers that are part of an MNE groups. With shift of businesses to the digital arena, there is a need for tax administrators to frame effective principles to govern taxation of the digital economy. India has been keenly looking at the scope that is being chalked out by WP-11 and actively participating so that India is able to take an appropriate position on addressing remaining BEPS risk of profit shifting to entities subject to no or very low taxation.

(g) **Tax Inspectors Without Borders (TIWB)**

India is presently engaged under the TIWB programme with Eswatini and Sierra Leone as a partner administration. India is providing experts in the field of transfer pricing and international taxation to Eswatini and Sierra Leone. TIWB has also been expanded for facilitating capacity building between jurisdictions in the field of tax investigation under TIWB-CI (criminal investigation), and India is participating in this programme as well, providing expert assistance to Uganda.

4.8.9 Coordination with other Multilateral Agencies

(i) India is an Associate member of Centre 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 2019, India participated in the General Assembly and Technical Conference meeting held by CIAT. 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 member's publication of a quarterly newsletter, provision of consultancy services and research facilities for members upon request, supply of information to members, etc.

(ii) India participated in the Technical Conference by CATA during the year in Malaysia and India's contribution was widely appreciated.

4.8.10 Income Tax Overseas Units

(i) During the year 2018, Income Tax Overseas Units (ITOUs) remained functional in eight Indian Missions viz. Mauritius, Singapore, France, Japan, Netherlands, UK, Germany and USA. IRS officers have been posted as First Secretary (Economic), in these Income Tax Overseas Units (ITOUs).

(ii) Selection process of IRS officer to the post of First Secretary in the Income Tax Overseas Unit (ITOU) at Germany was completed during the year and the officer has joined the Indian Mission at Germany.

(iii) In addition to this, selection process of IRS officers to the post of First Secretary in the Income Tax Overseas Units (ITOUs) is underway in respect of unit at Cyprus.

4.8.11 Cooperation with BRICS Countries on Tax Matters

(i) BRICS is an important multilateral block that seeks to represent the interests of the developing countries. The BRICS countries together account for 30% of the global land, 43% of the global population and 21% of the world's GDP. This platform aims to promote peace, security, prosperity and development in multi polar, interconnected and globalized world. The BRICS countries represent Asia, Africa, Europe and Latina America, which gives their cooperation a transcontinental dimension making it especially valuable and significant.

(ii) In 2018, the Heads of Revenue of all the BRICS countries had agreed on a High-Level Capacity Building Action Plan in which all the BRICS countries shall be identifying their areas of strength and invite delegations from other BRICS countries with an aim towards building capacity of the other countries in that area. Under this Action Plan, workshops/symposia have been held at Brazil, Russia, India and South Africa. As a part of this Action Plan, India organised workshop on Investigation of Undisclosed Foreign Assets including Common Reporting Standards and coercive measures to increase tax enforcement at NADT, Nagpur in 2019.

4.8.12 India's Collaboration with Forum on Tax Administration (FTA)

(i) Forum on Tax Administration (FTA) was created in July, 2002 at the initiative of Committee on Fiscal Affairs (CFA) of the OECD, with the aim of promoting dialogue between tax administrations and of identifying innovative tax administration practices. FTA is a unique forum for cooperation between revenue bodies at Commissioner level with participation from 53 OECD and non-OECD countries including members of the G-20. The work of FTA is overseen by the FTA Bureau, which comprises heads of revenue administrations of 13 of the member countries. India is member of the FTA and Revenue Secretary is the member of FTA Bureau.

(ii) India is an active participant in the collaborative work program of FTA organised under three pillars: supporting the international agenda; improving compliance; and future tax administration. These three work streams of FTA have been further categorized into multiple projects and India has been very actively collaborating with FTA on various projects.

(iii) To support the initiatives which are high on international agenda, India has been collaborating with FTA on its project on Use and Assurance of CRS data, Effective taxation of Sharing/Gig Economy, Introduction of On-Line Cash Registers, Joint International Task force on Shared Intelligence and Collaboration (JITSIC), Tax Debt Management and FTA MAP forum etc. India is a member of the JITSIC Advisory Group. Significant projects undertaken under JITSIC were Panama Papers leaks and Paradise Papers leaks projects. In the Paradise Papers Project, India was part of the Initial Assessment Group. India contributed towards development of EOI Guidance Note and also compiled the Media Template.

(iv) FTA's work programme for 2019-2020 is structured around three priority areas viz Tax Certainty & BEPS, Tax Co-operation and Digital Transformation. India has expressed its willingness to participate in these projects.

(v) Furthermore, it is important to mention that India has also been made a member of Advisory Group for the Effective use of information received under the Common Reporting Standard (CRS) and BEPS Impacts and inputs projects. India has been regularly participating in these projects through emails and webex calls and wherever required comments/inputs are being sent to the FTA Secretariat from time to time.

4.8.13 Mutual Agreement Procedure

(i) Multinational Enterprises (MNEs) operating across the world are subjected to transfer pricing audit in various countries to ensure that their related party international transactions are priced at arm's length. Sometimes, the income of the group is taxed in various jurisdictions and disputes arise due to economic double taxation of the same income in the hands of different taxpayers of the same MNE group. Similarly, MNEs also face juridical double taxation where the same income is taxed in the hands of the same taxpayer in different jurisdictions. To resolve such disputes, the Double Taxation Avoidance Agreements (DTAAs) provide a mechanism through the "Mutual Agreement Procedure" Article of such DTAAs. Under this mechanism, the competent authorities of countries having a DTAA between them may consult each other and reach an understanding to avoid double taxation.

(ii) India has a wide network of DTAAs and has been able to successfully resolve double taxation issues with various treaty partners by effectively using the Mutual Agreement Procedure (MAP) Article. The largest number of tax disputes is with the United States of America, which is not surprising because both countries have a very high volume of trade and American MNEs have significant business presence in India. This calls for a constant and deep engagement by the Indian competent authority with the American competent authority. India also has a number of tax disputes with United Kingdom, Japan, China, Netherlands, Canada, Switzerland, Australia, Denmark, Sweden, Finland, Germany, etc. Both the Joint Secretaries in the Foreign Tax and Tax Research (FT & TR) Division of CBDT (JS, FT & TR-I and JS, FT & TR-II) are the two Indian competent authorities. While JS, FT & TR-I is the competent authority for North American and European countries, JS, FT & TR-II is the competent authority for the rest of the world.

(iii) Between 1st April, 2019 to 10th December, 2019, bilateral meetings for resolving tax disputes under MAP have been held with the competent authorities of USA (twice), United Kingdom, Japan (twice), Denmark, Sweden, China, Singapore, South Korea, Finland, etc. More such meetings have been scheduled till 31st March, 2020 with USA, UK, Switzerland, etc. The meetings have proved to be very successful in resolving various disputes relating to double taxation.

(iv) The Mutual Agreement Procedure (MAP) has proved to be a very useful instrument for India in resolving long-standing and complex issues of double taxation. During the period 1st April, 2014 to 10th December, 2019, approximately 660 tax disputes relating to 660 assessment years (number of taxpayers involved would be about 180) have been resolved under MAP by the Competent

Authorities of India through negotiations with their counterparts of various countries. Along with the Advance Pricing Agreement (APA) scheme of the Government of India, MAP has come to be recognized as an effective and efficient alternate dispute resolution mechanism. Together, APA and MAP have helped in reducing tax disputes, fostering a non-adversarial tax regime and have helped in creating a conducive taxation environment in India.

4.8.14 Advance Pricing Agreements

(i) Advance Pricing Agreement (APA) provisions were introduced in the Income-tax Act, 1961 through the Finance Act 2012. Sections 92CC and 92CD were introduced in the Act to provide the legislative backing to the APA Scheme, which was notified in the Income-tax Rules, 1962 on 30th August, 2012 [Rules 10F to 10T]. These rules lay down the detailed procedures for filing of pre-filing consultation application; pre-filing consultation; payments of fees; filing of APA application; processing of APA application; withdrawal of APA application; terms and conditions of APA; filing of Annual Compliance Report; Compliance Audit; revision, cancellation and renewal of APA; etc. Besides, Rule 44GA was inserted to provide for procedural aspects while dealing with bilateral or multilateral APAs. In May 2013, a Taxpayers Information Series on "Advance Pricing Agreement Guidance with FAQs" was released to provide clarifications on certain issues.

(ii) The Advance Pricing Agreement (APA) Scheme was introduced to reduce litigation in transfer pricing matters and provide tax certainty to Multinational Enterprises (MNEs) doing business in India. It was provided that APAs could be entered into with taxpayers for a maximum period of 5 years in respect of international transactions between Associated Enterprises (AEs) within an MNE group. The APAs would determine the Arm's Length Price (ALP) of such international transactions and/or specify the manner in which the ALP is to be determined.

(iii) Legislative provisions for Rollback of APAs were brought into the Income-tax Act, 1961 through the Finance (No. 2), Act 2014 in July, 2014. The Rules governing the Rollback of APAs were notified in the Income-tax Rules, 1962 on 14th March, 2015 [Rules 10 MA and 10 RA] and the existing APA Scheme got amended accordingly. Subsequently, CBDT issued a Circular on 10th June, 2015 [Circular No. 10/2015] to provide clarifications on certain issues related to the Rollback provisions in a question and answer format.

(iv) The Rollback provisions allow the terms and conditions of the APA to be rolled back for a maximum of 4 years prior to the first year of the APA period. Thus, a taxpayer would be able to have certainty in matters of transfer pricing for a maximum period of 9 years by applying for an APA with Rollback.

(v) Under the APA Scheme, APAs can be multilateral or bilateral (involving CBDT and 1 or more countries and the taxpayers) or unilateral (involving the CBDT only and the taxpayer). Over the last seven and a half years, close to 1200 APA applications have been filed in India. A large majority of these applications (about 80%) are for unilateral APAs between the Indian taxpayer and the CBDT. Till 20th December, 2019, 320 Agreements have been entered into and it is expected that some more APAs could possibly be entered into by 31st March, 2020. The average time taken by CBDT to conclude an APA is about 36 months, which is less than the average time taken by advanced tax jurisdictions like USA, Canada and UK.

(vi) The details of APA applications received and APAs entered into have been provided in the two tables below:

Table 1: Details of APA Applications Received and Disposed

Financial Year	No. of Applications Filed	No. of Agreements Signed till 20th December, 2019	No. of Applications disposed of due to withdrawal or other reasons till 20th December 2019	No. of Applications under Processing as on 20th December 2019
2012-13	146	102	20	24
2013-14	232	120	40	72
2014-15	206	59	19	128
2015-16	132	23	3	106
2016-17	101	10	-	91
2017-18	168	4	-	164
2018-19	170	2	-	168
2019-20*	10	-		10
Total	1165	320	82	763

* Till 20th December, 2019

Table 2: Details of Agreements Signed

Financial Year	Unilateral APA	Bilateral APA	Total
2013-14	5	-	5
2014-15	3	1	4
2015-16	53	2	55
2016-17	80	8	88
2017-18	58	9	67
2018-19	41	11	52
2019-20*	43	6	49
Total	283	37	320

* Till 20th December, 2019

(vii) In April, 2017 the Central Board of Direct Taxes published an APA Annual Report for the first time. The Annual Report was an initiative of the CBDT to bring into the public domain various statistical and qualitative aspects of India's APA programme, with a view to encouraging discussion and debate amongst taxpayers, policy makers, media, economists, etc. on the strengths and weaknesses of the programme. The second and third Annual Reports on the APA programme were released in 2018 and 2019, respectively.

4.9 Directorate of Systems

4.9.1 Project Name: PAN

(a) **Permanent Account Number (PAN)**

As per section 139A of Income-tax Act, 1961 PAN (Permanent Account Number) is a 10-digit alpha-numeric 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 and correspondences of a person with the department.

PAN database has shown steady growth in tune with economic progress. The progressive number of PANs allotted up to 30th November, 2019 (cumulative) is 48,59,90,948. During the current year (up to, 30th November 2019) 4,02,73,565 PANs have been allotted.

(b) **Common Business Identification Number (CBIN or BIN)**

Though, as per section 139A of the Income-tax Act 1961, role of Permanent Account Number (PAN) was envisaged as that of a tax-payer identity limited to Income-tax department. However, PAN is now required for various activities like opening of a bank account, opening of a demat account, for other financial transactions prescribed in Rule 114(B) of the Income-tax Rules, 1962, registration for Goods and Services Tax (GST) etc. Thus, 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 duplication by using the software having phonetic matching algorithm. 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 Verification Facility**

PAN verification facility is provided to the government departments through the websites of the Income-tax department through link "Know Your PAN" facility on Income-tax official web site www.incometaxindiaefiling.gov.in, if 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 NSDLe-Gov) to agencies falling under any of the approved categories **as per procedure laid down by the Directorate of Systems.**

(e) **Grievances Redressal Machinery:**

Grievance redressal machinery related to PAN is well defined. The Income-tax department has a special electronic grievance redressal system called **e-Nivaran** on e-filing portal of the Department i.e. on **incometaxindiaefiling.gov.in.** Grievances are also received through Centralized Public Grievance Redressal and Monitoring System **(CPGRAMS)** of Government of India and through the designated PAN service providers.

(f) **New Initiatives**

a. **Issue of e-PAN with enhanced QR Code thorough Aadhaar based eKYC** e-PAN is being allotted, to individuals applying through **Aadhaar based eKYC route of application, within 2 hours TAT**(eight hours of TAT for application made after 20:00 hrs).

b. Integration with MCA for issue of PAN and TAN/ Instant e-PAN for corporates:

PAN and TAN processes have been integrated with the process of registration of new companies using a Common Application Form SPICe at MCA portal. PAN and TAN are being allotted on near to real time basis **(Turn Around Time (TAT) of 15 minutes).**

c. Aadhaar address update facility

Facility to update address in PAN data base, with the address given in Aadhaar data base has been launched. This facility is free of cost and works through integration with UIDAI.

d. Facility for downloading e-PAN:

A facility to enable the **existing PAN holder to download e-PAN through** MSP's websites after OTP authentication has been created. This enables a secure e-PAN which is printable many a time. e-PAN can be downloaded in pdf format. Further, facility to download in .xml format (machine readable) has also been launched.

e. Enhanced QR code on e-PAN & Physical PAN Card:

The e-PAN is embedded with an enhanced QR code which captures **demographic data as well as photograph and signature of applicant.** This QR code can be read through an app which is freely available on Google Play Store. The enhanced QR code **enables offline verification of PAN data, thus eliminating possibility of photo shopping etc.** resulting in enhanced security of PAN card and e-PAN.

f. Reprint of PAN card

Facility of reprint of PAN card (at nominal rate) has also been launched to enable PAN holder obtain fresh PAN card in case of loss/damage etc.

g. Integration of PAN with AADHAAR UIDAI (Aadhaar PAN linking)

Integration of database with UIDAI has already taken place for seeding of Aadhaar with PAN **for dual purpose. It prevents any of the duplicate PAN from being issued to any applicant as well as to identify the applicant having an already issued PAN.** Till 30.11.2019 a total of 29,65,57,524 PANs of individuals have been seeded with Aadhaar data base, which is approximately 62.43% of total PAN allotted to individuals. During the month of November 2019, total 51,20,991 PANs have been authenticated with Aadhaar database. Seeding of Aadhaar in remaining PANs is presently going on.

CBDT, vide notification no. 75/2019 dated 28.09.2019 has mandated that every person who has been allotted Permanent Account Number as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to the Principal Director General of Income-tax (Systems) or Principal Director of Income-tax (Systems) except the persons excluded under sub-section 139AA of the Act.

4.9.2 Project Name: Project Insight:

The scope of Project Insight was conceptualized to enable ITD in meeting the three goals namely (i) to promote voluntary compliance and deter noncompliance; (ii) to impart confidence that all eligible persons pay appropriate tax; and (iii) to promote fair and judicious tax administration. Under this project an integrated data warehousing and business intelligence platform is being rolled out in a phased manner.

i. A State-of-the-Art **Data warehouse** has been operationalized under Project Insight with end-of-day integration of key projects/data sources of Income Tax Department. Insight Data Warehouse is being used for providing comprehensive MIS to TPL for pre-budget analysis, impact assessment and policy formulation.

ii. A dedicated **reporting portal** *(https://report.insight.gov.in)* has been rolled out to provide a comprehensive interface between Reporting Entities and the Income-tax Department. The Reporting Portal enables seamless data processing, data quality monitoring and report rectification. Report Generation Utilities, Information Request Utility, User guides, videos, Chatbot have been provided to the reporting entities to assist them in meeting reporting obligations. All submitted reports are processed and Data Quality Reports (DQR containing defects and exceptions) is shared with the reporting entities for rectification of defects. I&CI users have been provided with functionalities to enable monitoring of registration, statement filing, correction of defects and initiation of compliance verification wherever required.

iii. **Income Tax Transaction Analysis Centre (INTRAC)** has been operationalized for handling data integration, data processing, data quality monitoring, data warehousing, master data management and data analytics. Data has been enriched by standardization of bank account number/contact/address, address clustering, geocoding, relationship identification/clustering.

Data Analytics is being used for identification of high risk cases including the following:

a. Identification of high risk non-filers under NMS (AY 2016-17 onwards)

b. Selection of cases for scrutiny under CASS (CASS 2018 onwards)

c. Identification of high risk refund claims (April 2018 onwards)

d. Identification of high risk remittances (Sep 2018 onwards)

e. Risk assessment of information received under Automatic Exchange of Information (AEOI)

f. Risk assessment of information received under Country-by-Country Reporting (CbCR)

g. Risk assessment of Suspicious Transaction Reports (STRs) received form FIU-IND

iv. **Compliance Management Central Processing Centre (CMCPC)** has been operationalized for leveraging campaign management approach (consisting of emails, SMS, reminders, outbound calls, letters) to support voluntary compliance and resolution of compliance issues. A dedicated compliance portal *(https://compliance.insight.gov.in)* has been rolled out to display information to the taxpayer and capture response on compliance issues in a structured manner for effective compliance monitoring and evaluation.

v. **Business Intelligence Dashboard** consisting of interactive Business Intelligence (BI) reports has been implemented to provide actionable information to ITD users with drill down. The BI reports have been classified under various themes such as Tax Collection, Tax Base, ITR Information, Business Information, Exemption, Taxpayer Compliance, TDS Information, TDS Compliance, International Transactions, Third Party Information etc.

vi. **GIS (Geographical Information System) Dashboard** consisting of more than 100 interactive GIS reports have been implemented to provide high-level geographical view to senior management for effective monitoring.

vii. **Collaborative Verification** module under Insight Portal has been rolled out which enables ITD user to view online response submitted by the taxpayer and capture case related activities and verification result in a structured manner. The ITD user will also be provided access to Profile View of the entity under Verification.

viii. **Profile View** under Insight Portal has been rolled out which provides comprehensive multi-year profile of taxpayer and other entities with secure role based information access control. The Profile views displays key insights, financial ratios and related information for effective analysis.

ix. **Insight Knowledge Hub,** an integrated platform consisting of i-Wiki, i-Library, i-Forum and i-Query, has been rolled out to assist ITD in "Organizing creating, sharing, using and managing organization knowledge for getting the right knowledge to the right person at the right time".

x. **Insight Learning Hub,** an integrated platform consisting of learning management system, online courses, competency tests and training material repository has been rolled out to supports capacity building of ITD employees by "delivery and tracking of customized learning content to employees using competency-based training approach".

4.9.3 Project Name: Non- Filers Monitoring System (NMS) Pilot Project

The Income Tax Department has implemented the Non- Filers Monitoring System (NMS) which assimilates and analysis in-house information as well as transactional data received from third- parties, including Statements of Financial Transaction (SFT), Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) statements, Intelligence and Criminal Investigation (I&CI) data etc.to identify such persons/entities who have undertaken high value financial transactions but have not filed their returns. Following number of non-filers with potential tax liabilities were identified.

- NMS Cycle 7(AY 2017-18):38.81 lakh
- NMS Cycle 8(AY 2018-19):15.58 lakh

The information about transactions is made available on the online portal and email and SMS is sent to the non-filer to provide online response and submit return. Many non-filers file their return and pay appropriate taxes. The details of high-risk non-filers are pushed to the field formation for further action. An online portal has been developed to enable verification and monitoring of actionable information by the field formation, this functionality enables field officers to generate letters, view online response and initiate appropriate proceedings under the Act.

4.9.4 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.

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 Assessing Officer's role in issuing refunds is limited to processing the return of income on computer. 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 departmental 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, 2019-20 (up to December 2019), the percentage of refunds issued through the scheme is 99.99 % of the total number of refunds issued all over India as under:

Financial Year	No. of Refunds (Paid) through Refund Banker	No. of Other Refunds (Paid)	Total	Percentage of Refunds Paid through Refunds Banker
2018-19	2,81,90,436	2,493	2,81,92,929	99.99%
2019-20 (upto Dec. 2019)	2,75,07,167	383	2,75,07,550	99.99%

A new mechanism of PAN Account validation using PFMS has been implemented since last two years to shift to electronic payment of refund. Under this arrangement, the PAN Account information is transmitted to the banks using PFMS interface and banks provided the PAN, Name, etc. seeded in the account to enable validation of PAN and Account linkage. From April, 2019 the department has started obtaining the same data string online through NPCI also which has larger coverage of integration with banks. A repository of around 3.5 crore PAN and Bank account linkage has been created for validation and due diligence before issuing refunds. In case of validated PAN Account record, the refund exceeding the predefined threshold (50,000) is issued electronically. As a result of this initiative, from 01.03.2019 the department has started transmitting 100% refunds through electronic mode.

4.9.5 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 payments can be mapped with the bank and the assessee with PAN/TAN irrespective of the place of payment. A country wide network of 26 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. 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/ Pr. 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/Directors General of Income Tax, Commissioners of Income Tax (TDS) and Commissioners of Income Tax (Computer Operations) for monitoring direct tax collections on a daily basis.

Recent initiatives for promoting digital payments are as under:

i. Payment through cards: Presently, 6 banks namely, SBI, PNB, Indian Bank, HDFC, Canara and ICICI Bank have started the e-payment facility online through its debit cards as well.

ii. Payment through ATMs: ATMs of Corporation Bank, Bank of Maharashtra, Axis Bank, Central Bank of India, 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.

iii. Integration of online payment facility with return preparation: The taxpayer can click on tax payment link on online ITR preparation facility (ITR1 and ITR4), which will display filled Self-Assessment Tax challan from the tax payment portal with all fields pre-filled. User needs to only select Bank and proceed for payment. This provides ease of tax payment and also reduces mistakes in filling tax challan.

iv. Integration of online tax payment facility with demand notice/e-filing portal: The taxpayer can click on the tax payment link while viewing demand details on the e-filing portal, which will display filled regular tax challan from the tax payment portal with all fields pre-filled. This provides ease of tax payment and also reduces ensures linking of payment with the demand (using automatic capture of Demand Identification number)

v. Integration with UMANG: Challan 280 payment and Challan Status Inquiry (CIN based view) has been integrated with UMANG (Unified Mobile Application for New Age Governance)

vi. Converting online tax payment facility to mobile responsive pages: This facilitated users to access payment portal through mobiles.

vii. Mobile App for tax payment and refund tracking: Users can use mobile app for tax payment and tracking refund status through the convenience of their mobile phones.

Financial year wise percentage of e-payments is as below:

Financial Year	% in terms of total number of e-challans	% in terms of total amount associated with e-challans
2018-19	82.26	91.14
2019-20 (upto Dec 19)	84.81	91.64

4.9.6 Project Name : Integrated E-filing & Centralized Processing Centre CPC 2.0

Background:

The existing e-Filing and CPC 1.0 projects have brought many significant changes in the tax filing and processing system of the nation and were a revolutionary step, but with the increased spread of digital systems in all aspects of life, access to mobile apps and growth in e-commerce, there has been higher expectations from the tax payers with regard to filing and processing of income tax returns.

Although e-Filing and CPC 1.0 have proved to be game changers and a win-win for the department, tax payers and MSP, a need has arisen for a complete ambitious transformation of tax payer's experience and the business model.

To fulfill the expectations of taxpayers, the Integrated e-Filing and Centralized Processing Centre 2.0 Project (hereinafter referred to as CPC 2.0 project) envisions to redefine Income tax filing and processing in India to provide a best-in-class experience to all taxpayers. The Union Cabinet has given its approval for CPC 2.0 Project of the Income Tax Department. It is expected that the new Integrated e-Filing and CPC 2.0 shall deliver a world class experience to the taxpayers similar to that they are experiencing in the online and mobile world in sync with world -wide trends.

The above is planned to be achieved by:

i. Providing ease in filing returns using wizard-based forms and generating pre-filled returns for the tax payers.

ii. Actively promoting e-Verification of returns and establish complete (100%) paperless environment.

iii. Reducing processing time of returns on year-on-year (YoY) basis and achieve real time processing of returns and credit of refunds.

iv. Educating and empowering the tax payers by pro-actively engaging with tax payers through digital media.

v. Pro-actively communicating and engaging with tax payers and enhancing transparency.

vi. Reducing errors, grievances, rectifications on a YoY basis and achieve "first-time-right" outcome.

vii. Facilitating tax payers and consistently reducing the outstanding demand.

viii. Ensuring real time data exchange with all stakeholders and achieve total seamless integration.

ix. Continuously promoting tax compliance in the country resulting in to reduction of tax delinquency.

Objectives envisaged for the project:

Faster and accurate outcomes for taxpayer.

i. First time right approach.

ii. Enhancing user experience at all stages.

iii. Improving taxpayer awareness and education through continuous engagement.

iv. Promoting voluntary tax compliance.

v. Managing outstanding demand.

Key features of the Project:

All existing processes and functions of the existing e-Filing and CPC-ITR managed by incumbent MSPs for e-Filing and processing of Income Tax returns and their interfaces with other projects would continue. The additional items that have now been envisaged in CPC 2.0 based on the learnings of the existing projects are -

Focus on real time processing - Due to higher expectations of the taxpayers, Integrated e-Filing and CPC 2.0 is expected to achieve a near real time processing of returns. This is expected to be achieved by following:

a) **Pre-filling of Income Tax Returns-** To enable faster processing pre-filled returns is being provisioned in the RFP in-line with the TARC recommendations.

b) **Process and hold -** In Integrated e-Filing and CPC 2.0 the clock to start processing shall start as soon as the tax payer files his income tax returns and submits it on the e-filing portal.

c) **Prioritization of returns & risk profiling -** The ITR's shall be processed as per the priority orders and not at random. Following priority order has been set refund cases (high to low)> demand cases (high to low)> NDNR at the last. Additionally, the Individual returns shall have priority over non-individual returns and e-verified returns shall have priority over ITR-V based returns.

d) **Reducing weighted average time of processing -** To achieve real time processing the MSP shall endeavor to reduce the weighted average time of processing by 10 % year on year. The performance level is also provisioned in the service level metric to ensure compliance.

e) **First time right approach -** CPC 2.0 has been envisaged to avoid all kinds of re-works. This shall reduce the number of rectifications and grievances.

f) **Innovative payment model:** By providing an incentive for faster processing as well as a disincentive for processing beyond 15 days through a unique payment model.

Accreditation of employers, deductors, banks CAs etc. - Accreditation program with employers, deductors, banks, CAs, ERI and TRPs etc. will enable the department to obtain information about taxpayers relating to salary, interest, income from house property, deductions etc. throughout the year in an accurate manner which will enable CPC 2.0 to accurately pre-fill the return and take up these returns for faster processing.

Taxpayer Outreach Program- To prepare online campaign, brochures, news items, educative material etc. which will be run on digital platforms including social media on a continuous basis. The campaign will focus on thematic requirements of the department such as requirements for e-filing of return, frequently asked questions, common errors, outstanding tax demand, rectification etc. This outreach shall help improve the accuracy of the return and assist taxpayers in the filing, processing and create awareness about the initiatives taken by CPC.

Tax Payer Facilitation for Outstanding Tax Demand Management- Additionally, ever since the government of India has been collecting taxes there has been an increase in the tax debts i.e. the outstanding tax demand which the tax payers needs to pay to the income tax department. Moreover, large number of taxpayers do not pay small payments since there is no multipronged approach to reach out to the taxpayer to facilitate him in making payment or in seeking rectification of tax demands which may not be correct. The outstanding tax demand not only creates grievances but also slows down the pace of processing.

a) To comprehensively take up this matter, the new MSP would leverage the partner ecosystem of accredited entities (CA/TRP/ERIs) to reach out to the taxpayer and facilitate resolution of the outstanding tax demand.

b) For this purpose, the MSP would be paid a fee which would be a multiple of the quoted rate.

c) The advantage of this approach would be that the MSP would pass on a portion of the fee to the partners who would, therefore, be incentivized to reach out to the taxpayer.

d) The Mobile App system that would be built for this purpose would be available for departmental personnel such as TRO and ITIs to pursue tax collection efforts.

e) For this purpose, a minimum committed expenditure of Rs. 15 Cr per annum is being proposed as reimbursement over and above the transaction rate that would be paid to the MSP for processing of ITRs.

New e-Filing Portal with Zero Downtime- A complete re-design of the e-Filing portal has been envisaged for the project to provide modern day technology backed -

a) user friendly designs,
b) wizard based easy to use forms,
c) user journey mapping to enhance experience,
d) all forms in online mode to provide ease to tax payers.

Over the years a need was felt to maintain high uptime of the e-Filing portal especially during the peak periods, thus keeping this in view a no downtime of the website has been provisioned in the RFP which is to be achieved by the MSP through website replication and failover strategies, content delivery networks and a stringent SLA and penalty mechanism on downtime to ensure MSPs compliance.

Mobile App—To provide 'anytime anywhere access' to tax payers.

Integrated Communication Management—To enhance the existing call center services and integration with Grievance Management Systems and CPC internal systems to provide a unified view to the tax payer regarding the history of grievances and the status of the current grievances. Moreover, modern technologies like Virtual Assistants, Chat Agents, Screen Sharing and communication through social channels has been provisioned in the RFP.

Capacity Building and e-Learning—In order to provide effective learning capacity building requirements have been specified in the RFP with provisions for developing a learning management systems and e-Learn programs which shall augment knowledge of the resources by providing anytime access to knowledge and ensuring continuous learning for ITD employees, MSPs and its sub-contractor's teams.

Planning and Implementation of the Project:

To implement this project, open tender was published on 8th February 2018 by the Income Tax Department on Central Public Procurement Portal (CPPP). After completing the open tendering process, M/s Infosys Ltd was selected as the Managed Services Provider for the implementation of the project on the lowest cost basis (L-1). The Union Cabinet has approved the expenditure sanction of Rs.4,241.97 crore (including GST @ 18%) for Integrated e-Filing & Centralized Processing Center (CPC) 2.0 Project of the Income Tax Department on 16th January 2019 from FY 2018-19 to FY 2026-27 which includes payout to the M/s Infosys Ltd. (the Managed Service Provider for the project). The Letter of Award of Contract has been issued to M/s Infosys Ltd. on 23.01.2019 to design, develop, implement, operate and maintain Integrated e-Filing and Centralized Processing Center 2.0 project.

Present Status of the Project:

The project is under design and development phase while the existing CPC1.0 and E-filing 1.0 is being continued for the benefit of taxpayers and Department. The Project will be rolled out in a phased manner including taxpayer facing which are expected to be rolled out from 1st April 2020 like e-Filing, e-Payment of taxes etc. Extensive discussions with TPL Division of CBDT are under progress for the finalization of revamped ITR forms for Assessment Year 2020-21 and other statutory forms. Extensive Taxpayer Outreach through Digital Media Platforms has been initiated under CPC 2.0 Project, which has received positive feedback.

4.9.7 Project Name: TAXNET Project

(i) Aims and object of the ongoing TAXNET project is to provide seamless connectivity (IP-VPN services) to the departmental users in the income Tax department all over India.

(ii) The TAXNET project acts as the architectural backbone of the entire digital edifice of the Direct tax administration in India. It provides seamless, secure, efficient & dedicated connectivity to more than 780 locations spread over more than 500 cities in India. It is like golden thread which permeates through all modules, applications & platforms of the Income Tax Department. In effect, it serves as a force multiplier for the entire digital machinery of the department. The ultimate success and the execution of the all the modules like a Operation Clean Money, ITBA, CPC-TDS and CPC-ITR-Bangalore, Project Insight etc., in this critical way, entirely rest on its shoulders. It works silently in the background, being successfully executed since the year 2008.

(iii) Change Order Management is the integral part of the TAXNET Contract. In the instant dynamic environment, it provides much needed operational flexibility. The major activities in change orders are as follows:

- Relocation of nodes/ Additional nodes
- Establishing new site
- Shifting of site
- Bandwidth Augmentation

These are executed as per the departmental requirement and requisitions from the field formations. The table-1 below gives the brief description of Change Order Management, received during the F.Y. 2019-20 (till 30-11-2019).

Sl. No.	Shifting of Sites		New Site		Relocation Nodes	Addl. Nodes
	No. of Sites	Total No. of Nodes	No. of Sites	Total No. of Nodes		
	09	226	06	213	263	352
Grand Total No. of Nodes						**1154**

4.9.8 NEW TAXNET 2.0 PROJECT FOR SELECTION OF MSP FOR WAN, LAN, FMS AND VC SERVICES FOR ITD

The RFP for Taxnet 2.0 was **approved by the IFU, the Ministry of Law and the Revenue Secretary.** After due approvals, the RFP was **released on 02.12.2019**. The Taxnet 2.0 project is for selection of MSP for WAN, LAN, FMS and VC Services. The major scope of work of Taxnet 2.0 is proposed as under:

i. Taking over of the existing LAN and creation/ augmentation of LAN to provide assured End-to-End Secured Network connectivity: The Department now seeks to have about **97% of its sites on OFC** as the medium for last mile connectivity as this would ensure a dependable and reliable connectivity

ii. Implementation and management of Network Operating Centre: A **Network Operating Centre** with **Network Monitoring System** is envisaged in the premises of the Department that would facilitate visibility and management of the entire network centrally.

iii. Supply, operating and maintaining the VC facility equipment at about 120 locations, provision for **software-based Video Conferencing solutions** including allowing third party conferences over internet.

iv. Provide comprehensive **Facility Management and Maintenance** Services across all Income Tax offices.

v. Further, the **technical and security specifications** of all the hardware and equipment required have been upgraded.

The 1st pre-bid conference was held on 07.01.2020 and saw participation from about 30 organizations including telecom service providers, system integrators and OEMs. The conference mainly focused on discussing the top queries of potential bidders and clarifying the same, as appropriate.

The 2nd pre-bid conference is scheduled to be held on 28.01.2020 and the last sate of submission of bids is 03.03.2020.

Once the MSP for TAXNET 2.0 is on-boarded, the RFP mandates implementation within 52 weeks (12 months).

4.9.9 NETWORK IMPLEMENTATION MANAGEMENT & MONITORING SERVICES (NIMMS)

(i) NIMMS is envisaged as a Project Monitoring Unit (PMU) of Taxnet 2.0. Through NIMMS, the Department seeks to engage qualified manpower to, inter alia, **oversee implementation** of Taxnet 2.0, perform **acceptance testing**, **monitor** the network as well as perform network and security **audit**, **SLA verification** etc.

(ii) The NIMMS RFP is under finalization and the NIMMS Service Provider is expected to be on-boarded at the same time as the MSP for Taxnet 2.0.

4.9.10 Web Master Project

(i) The National Website (https://www.incometaxindia.gov.in) hosts a number of services with user friendly functionalities and features. Amongst the various services that the website hosts are a number of facilities put online relating to content on direct tax laws, PAN, TAN etc., providing returns & statements of e-filed cases, international tax related content, FAQs, tutorials, tax information, press release, latest news etc. The number of visitors to the website has been continuously increasing that shows its efficacy and popularity.

(ii) The website contains '**Tax Payer Services Module'** and **'Aaykar Setu (Mobile Application on Android)'**. The main highlights of the Aaykar Setu are-

i. ASK IT – It functions as a CHATBOT (A virtual machine chatting with the user) which provides solution to queries of taxpayers relating to PAN, TAN, TDS, Return Filing, Refund Status, Tax Payment etc. on real time basis

ii. Live Chat with Tax Experts – In case users have any query they can use the chat option at TPS section. This facility will be available on all working days (i.e. Monday to Friday) between 10:00 AM to 06:00 PM

iii. Tax Return Preparer's at your doorstep – It helps to locate the TRP on Google map. A Tax Payer can locate / search the TRP at the desktop as well as on his mobile App.

iv. Tax Tools – To facilitate tax calculations for filing ITR, various tax tools are available, which give output required for ITR on the basis of inputs / information available with user.

v. PAN / TAN – All the services related to PAN/ TAN i.e. PAN / TAN application, De-duplication, PAN surrender, PAN-Aadhar Linking are available through the portal

vi. TDS / TRACES – It provides links to all the services useful for a Tax Deductor / Collector, Tax Deductee in one place alongwith proper bifurcation of services between Tax Deductor / Deductee etc.

vii. **Latest Updates on website through email/SMS** – It will help the taxpayers in finding out the information required as per upcoming compliance dates on the main window of the Tax Payer Services.

viii. **Tax Gyaan** –Tax Gyaan is a multiple-choice question web-based game to provide knowledge to the youths accessible from mobile as well as desktop.

(iii) Other Features of Website:

i. **Complete information related to Direct Taxes Due Dates**

ii. **Promoting Tax Payers to take Integrity Pledge –** Integrity pledge is being promoted through publishing of relevant web link at Home Page of the Website.

iii. 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 and hyperlinked for users' convenience.

iv. **International Taxation related contents**

An "Exchange of Information" functionality has been created on the Income-tax Department website for dissemination of information to financial institutions, Departmental officers as well as public at large. The Chairman, CBDT on 22-11-2019 inaugurated the functionality which consolidates all the relevant AEOI (Automatic Exchange of Information) related information at one place for convenient access by all stakeholders. The portal would be a repository of policy and technical circulars / guidance / notifications issued by the CBDT, and provide links to relevant circulars / guidance issued by the regulatory authorities in India and other international bodies. The portal is not only be useful for the domestic financial institutions but will also help the foreign tax authorities and financial institutions to get information about the Indian laws, rules and procedures related to AEOI under CRS.

Other features in the same regard include:

a. More than 130 Tax Treaties, which India had entered into with Foreign Countries, have been uploaded (with unique facility of Treaty comparison)

b. Tax rates as per Income Tax Act vis-à-vis Tax Treaties.

c. Relevant provisions under Income-Tax Act, Companies Act, Service Tax and FEMA for Non-residents

d. There is a section for Synthesised Text for the "Double Taxation Avoidance Agreements". So far, 'Synthesised Text' for the application of the Agreements entered into with 12 countries have been uploaded.

v. **Providing information to the Tax Payer in the form of FAQs / Tutorials / Tax Information series booklets.**

vi. **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.

vii. **Services centric information Page for various services such as** PAN / TAN, Return Filing, Tax Payment, Tax calendar, Tax Chart & Tables, Tax utilities, Tax Helplines and more have been provided.

viii. The website is friendly for differently abled persons and can be accessed easily by visually challenged users, users with partial or poor sight including colorblind users and deaf users. It is bilingual and Rajbhasha compliant.

ix. **Separate corner for Senior Citizens.**

x. **Latest News & Press Release are updated on real time basis.**

xi. **Other facilities**

a. Income Tax Office Locator (covers details of all Income-tax Offices across India)

b. Separate pages of Pr. CCIT / DGIT-Includes information about field offices, Grievance Redressal Mechanism, respective CPIOs, Appellate Authorities under RTI Act.

c. Tenders from Department.

(iv) During the FY 2018-19, the portal experienced total number of 244,46,20,727 hits and had 2,19,08,764 total number of visitors. This shows that the website is being very widely used by the taxpayers and members of public and the website has gained sufficient visibility.

4.9.11 Video Conferencing

Video Conference (VC) facility is available across 48 stations (57 sites), which is assigned to the Telecommunications Consultants India Limited (TCIL) with effect from April 2017. The bandwidth for the purpose is being provided under Taxnet project, the maintenance of Video Conferencing devices and facilitation during such conferences are ensured by the O/o ADG-4 team. The importance of VC has grown tremendously since its inception in the year 2006 given that senior authorities of the Department now frequently resort to such conferences to save precious time and resources. The VC is also used by the System Directorate for imparting training and resolving queries.

4.9.12 Facility Management Services (FMS)

The O/o ADG-4 team, through its MSP, provides the Facility Management Services (FMS) to all the offices across the country. Till 1st June 2014 the FMS was supporting 13,000 network users. The network user count increased to 14500 in 2015, 15500 in 2016 and as on December 2017 and this has further increased to **19550 currently**. The **RSA tokens** are supplied and supported by TCS and distributed by the FMS team through respective CIT (Admin & TPS) concerned. The FMS team also facilitates the video conferences organized for various field offices across the country.

4.9.13 Project Name: ITBA

Achievements under the key/flagship programmes being implemented by Department during the year

(i) Introduction of quoting Documentation Identification Number (DIN):

As per the Circular Number 19/2019 dated 14-08-2019 issued by the Central Board of Direct Taxes, except in some exceptional circumstances, no communication shall be issued by any Income Tax Authority relating to assessment, appeals, orders, statutory or otherwise, exemptions, enquiry, investigation, verification of information, penalty, prosecution, rectification, approval etc. to the assessee or any other person, on or after the 1st day of October, 2019 unless a computer-generated Document Identification Number (DIN) has been allotted and is duly quoted in the body of such communication.

In order to comply with the direction contained in CBDT Circular No. 19/2019, dated 14-08-2019, functionality has been provided in ITBA/ITD to quote/generate DIN in respect of almost all communication issued by the Income Tax Authority. With the introduction of this functionality taxpayers can also authenticate the genuineness of notice/letter/order issued by the income tax authority from the pre-login page of e-filing portal of income tax department. This is in pursuance of the directions by the Hon'ble Prime Minister in which he has asked the Department of Revenue to come up with specific measures to ensure that the honest taxpayers are not harassed and served better. It may be noted that earlier there have been some instances where it was not possible to maintain the audit trail of the manually issued communication which in some cases caused inconvenience to taxpayers sometime. However, with the present system of attaching/quoting a DIN to every notice or communication of Income Tax Authority is giving better services to taxpayers without any possible harassment.

Number of communications with DIN generated

Sl. No	Module	No. of DINs generated
1.	**ITBA** (till 12-12-2019))	**24.45 lakhs**
2.	**CPC-ITR** (till 12-12-2019))	**607.53 lakhs**
3.	**CPC-TDS** (till 12-12-2019)	**10.39 lakhs**
	Total	**642.37 lakhs**

(ii) Implementation of 'E-assessment scheme' 2019:

In order to provide greater accountability and transparency in tax administration, the Government has vide Central Board of Direct Taxes notification dated 12th September, 2019 launched a scheme of e-assessment of Income-tax in electronic mode, with no human interface.

Revenue Secretary Shri Ajay Bhushan Pandey inaugurated National e-Assessment Scheme (NeAC) on 08-10-2019 which has been carried out on ITBA with the support of Insight team. With the implementation of this scheme on the ITBA platform, greater efficiency, transparency and accountability in the assessment process is coming out as there is no physical interface between the tax payers and the tax officers. In the first phase 58,322 cases have been selected for scrutiny under the faceless e-Assessment Scheme 2019 and the e-notices have been served before 30th of September 2019 for the cases of Assessment Year 2018-19. The Benefits of Faceless Assessment can be summarized as under: -

- NeAC eliminates human interface between Assessing Officer and Assessee
- New System optimizes the utilization of resources through economies of scale

- NeAC introduces team-based assessment with dynamic jurisdiction
- Ease of compliance for taxpayers
- Brings transparency and efficiency, thus improves quality of assessment and monitoring
- Functional specialization as only one agency dealing with faceless assessment
- Expeditious disposal of cases
- Standardization and quality management

4.9.14 Project Name: Centralized Processing Cell (Tax Deduction at source) in-short CPC (TDS)

About CPC (TDS)

The Centralized 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 23.75 lakh deductors, 9.09 crore taxpayers from all over India and abroad and more than 980 officers of the Income Tax Department who are administering TDS across India.

Centralized Processing Cell – CPC(TDS) undertakes **end to end processing of TDS statements through a Rule Based Technology enabled system and offers** e- 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.

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/ 16B/16C & 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.
- E-Governance established by CPC (TDS) led to the reduction of Non-Filers and increased the Statement filing by 15% till date and led to better TDS compliance.

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 the taxpayers, whether filing tax returns or otherwise. The users of the facilities at CPC (TDS) include –

- More than 9.09 crore Taxpayers including corporates, individuals, business entities and others. 45 banks & E-filling website are linked to the CPC(TDS) System for online access to Tax Credit Statement (26AS). Around 8.52 Crore registered users of e-filing website of the Income Tax Department have online access to Tax Credit Statement (26AS) with over 94.50 crore 26AS viewed till date.
- **More than 23.75 Lakh Deductors** including more than 1,75,000 offices of the Central & State Governments.
- **More than 5,000 Government** (Central & state) treasuries, sub-treasuries in each district and other Principal Accounts officers.
- **More than 980 Field Officers** of the **Income Tax Department**, spread across the country, who are responsible for TDS administration.
- **Tax policy wing** of the Central Board of Direct Taxes.

Attributes of the CPC(TDS)

i. Database size – 3300 crores transactional data.

ii. State of the art Data Centres at NOIDA and Pune.

iii. 250 plus operational resources.

iv. 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.

v. 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/16B/16C 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. **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 209.14 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 upto 96%. Verifiable single version of truth, through reengineering, also eliminates any possibility of fraudulent claim of TDS based on bogus TDS certificates.

Online 197 Certificates (Lower Deduction Certificates)

Issuance of 197 Certificates (Lower Deduction Certificates) have been made online and contactless. Issuance of 197 including revision of certificate is completely online now which is fast and convenient for taxpayers. More than 72,000 requests have been received since inception. Approximately 40,000 Form-13 certificates have been downloaded from TRACES website.

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 deductors' convenience. More than 2.67 crore corrections were received and processed by CPC(TDS) till date out of which 76.59 lakhs corrections were received during the period 01.04.2018 to 30.11.2019.

E-Office

The CPC(TDS) provides an integrated technology driven platform for enabling e-office in the Income Tax Department. **Over 980 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 Departmen**t 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 4.27 Crores intimations have been issued since inception of CPC(TDS) out of which 1.11 Crores intimations were issued during the period 01.04.2018 to 30.11.2019.

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

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 Anywhere'*** 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 58.91 lakhs grievances have been responded by CPC(TDS) since inception out of which 10.93. lakhs grievances were responded during the period 01.04.2018 to 30.11.2019.

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 operationalization 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

i. 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.

ii. 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.

iii. 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.

iv. The availability of Form 26AS online has facilitated accurate & complete reporting of Income. As a consequence, **compliance cost for the taxpayer has come down**.

v. 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.**

vi. **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**.

vii. **Malpractices in the issuance of refunds, etc. have been minimized**.

DEDUCTORS

i. **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.

ii. **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).

iii. **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**.

Feedback and Grievance Redressal: The centralized tracking of grievance ensures that the time taken for redressal is minimized.

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 was given an opportunity to rectify mistake pointed out by the System in 7 days. CPC(TDS) has sent over 30 lakh Intermediate Communications till May'2019.

Presently this functionality has been discontinued as there is change in the process resulting due to no hold period provided to deductor for correction in the statement. This decision has been taken by the department on the basis of trend in correction statements filed by the deductors in the past during holding period.

(ii) **Institutionalized Constant Feedback process**: CPC (TDS) connects with the Deductors as part of its "Good Governance" Programme to continuously assess satisfaction levels for various services offered by CPC (TDS). CPC(TDS) connected with over 4,44,163 end-users since from January'2015 to 30th November'2019 as part of this exercise to take their feedbacks.

Following Satisfaction results have been achieved for the period 01.04.2018 to 30.11.2019 with the Good Governance Programme of CPC (TDS):

Period	Sum of Call Not Connected	Sum of Not Satisfied	Sum of Satisfied	Sum of Not Applicable	Total Calls	Satisfaction %
01.04.2018 to 30.11.2019	88,424	2,059	55,738	40,648	1,86,869	96.44%

(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 1,34,308 users from February 2015 to 30th November'2019 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.

In addition to the above, all end users, who tried to connect with CPC(TDS) over its toll-free number, however, could not speak to the Helpdesk Agent and dropped the call, are also called back within the next working day to provide assistance on any possible query.

(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 had 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. Approx. 5.34 Crore of educational e-mails on various issues have already been sent by CPC (TDS) including 0.35 crore educational e-mails sent during the period 01.04.2018 to 30.11.2019 to the deductors. E-mails sent through manual campaign are 3.43 Crore& through automated server are 1.91 Crore.

(v) **Capability Building Programmes:** CPC (TDS) adopted effective strategy for Organizational Capacity building and skills up gradation for resources at all levels to ensure success of the implementation in e-Governance. To achieve this, CPC (TDS) initiated an extensive exercise to conduct workshops spread across all 26 TDS charges spread across the country, educating the deductors and Filed Assessing Officers on better usage of the facilities offered by TRACES in improving TDS compliance. In over 55 major cities more than 104 workshops were conducted across India during the 01.04.2018 to 30.11.2019.

(vi) **Secure Corporate Integration**: TRACES website allows Deductor Banks registered on TRACES to access the website functionalities through direct integration facility, through which the users can Login on their bank site and navigate to TRACES through 3rd party integration and approved successful validations. This is extremely useful for banks in integrating their application with website TRACES. The objectives of the integration are:

- To have cost effective, secured and authentic access to TRACES portal by the banks/corporates having multiple branches.
- To engage corporate/bank head quarter as a responsible partner for proper authentication of their branches.
- To eliminate risk of unauthorized access.
- Ease of use for TRACES users by relaxed KYC for use of facilities offered by TRACES.

Currently approximately 45 banks& E-filling website are availing the facilities of TRACES, out of which 25 banks have been directly integrated. CPC (TDS) has received excellent feedback from the users due to the ease, security and convenience of the above facility.

(vii) **Data Quality Errors and Resolution:** Centralized Processing Cell (TDS) observed from its records that the deductors often reported "Structurally Correct, however Invalid PANs" in their TDS Statements, due to manual statement preparation procedures. This results in incorrect reporting of PAN related information and consequently correct Tax Credits not being available to the deductees timely. CPC (TDS) Analytics provides for the facility of correcting the PANs through suggestions based on PAN reporting history, using the Data Quality tool. Such tickets are created in the CPC(TDS) systems, which are first reviewed and approved by internal resources, which are made available to the deductors for acceptance of correct PANs, while submitting Online PAN Corrections at TRACES.

The deductors are communicated through email campaigns for such correction suggestions for PAN errors available in their TDS statements to perform corrections online. During the period 01.04.2018 to 30.11.2019 over 8.44 lakh PAN correction suggestion were implemented in the system and communicated to relevant deductors. There has been over 37% improvement in the deductors using the above facility and correcting their records.

(viii) **The performance of CPC (TDS) during the financial year 2018-19 and for the period April'19 to November 2019 is presented below:**

a. Overall performance:

Description	From 01.04.2018 to 31.03.2019	From 01.04.2019 to 30.11.2019
TDS statements processed for 26AS	71.21 Lakh	55.50 Lakh
TDS certificates downloaded	44.96 Crore	49.31 Crore
TDS statements processed for defaults	33.05 Lakh	23.67 Lakh
No. of intimations issued	Via Email – 72 Lakh (For TDS statements/26QB statements/ RUD/Reprocessing of statement) Via Print – 13.47 Lakhs	Via Email – 40.37 Lakh (For TDS statements/26QB statements/RUD/Reprocessing of statement) Via Print – 7.78 Lakh

b. Download statistics

Download Type	From 01.04.2018 to 31.03.2019	From 01.04.2019 to 30.11.2019
Form 16A	39.35 Crores	37.49 Crores
Form 16	5.56 Crores	11.78 Crores
Form 16B	3.91Lakhs	2.53 Lakhs
Form 16C	0.14 Lakhs	0.12 Lakhs

c. 26AS views:

Online activities	From 01.04.2018 to 31.03.2019	From 01.04.2019 to 30.11.2019
Total 26ASviews	18.12 crore	17.30 crore
Unique PANs viewing 26AS	6.98 crore	6.47 crores

d. Provisional Form 16/16A/16B & 27D views:

Form 16A	82,420
Form 16	1,22,054
Form 16B	2,242
27D	293

(ix) **SMS Initiatives:**

- SMS to salaried taxpayers indicating TDS by employer for Quarter Ended and upto Quarter Ending.
- Advisory SMS to deductors for filing TDS statements before due dates and to non-filers immediately after due-date.

NEW INITIATIVES BY CPC TDS

The following initiatives taken during the period pertaining to the calendar year 2019:

i. Taxpayer can view his provisional Form 16/16A/ 16B and 27D online through TRACES website from FY 2016-17 onwards.

ii. Form 24Q (Salary Statement) to be filed by deductors has been enhanced to capture the detailed data of salary which helps in prefilling ITR forms. Owing to this initiative, the salaried taxpayer is getting its ITR prefilled. Taxpayers just need to verify the prefilled data and is able to file the income tax return on single click.

iii. Refund of excess TDS paid on sale of immovable property (Form 26QB) is also made online without any manual intervention.

iv. Form 16 - Part B generation has been enabled online through TRACES website. Earlier DDO were required to generate it individually through their systems and issue it to the taxpayers.

v. Enabled Aadhar based authentication in CPC (TDS) as an additional authentication mode for TRACES users.

vi. DIN Verification Functionality on TRACES Homepage wherein taxpayer can verify communication received from the department.

Recognition of the Project:

The impact made by CPC (TDS) has been recognized by Government of India in the form of following awards:

a) CPC (TDS) received National Award for e-governance, 2014-15 (under the category of GOLD Award). Further, CPC (TDS) is one of the projects of CBDT to receive Prime Minister's Award for excellence in public administration for its initiative "Easy Tax Compliance through Quality Services" for the F.Y-2012-13.

b) OECD in its report titled "Technologies for better tax administration: A practical guide for Revenue bodies", published in May 2016 has highlighted the achievement of CPC(TDS) as under:

"In India, taxpayers can view online their tax payments and taxes deducted at source as well as certain information reported by third parties. This has helped taxpayers to report missing credit and has improved the accuracy of processing their claims for refunds."

4.9.15 Project Name: CPC, Bengaluru

Central Processing Centre for Income Tax Returns

Centralized Processing Center for Income Tax Returns is the processing unit of the Income Tax Department for processing and accounting of all Income Tax Returns filed electronically.

- CPC has processed 5.94 crore returns of income during Financial Year 2018-19 with year on year growth rate of 34% (5.30 crores processed during the Financial Year 2017-18). Further till 30th Nov 2019, CPC has processed 4.72 crore returns in Financial Year 2019-20.
- CPC has achieved a peak processing capacity of 12.30 lakhs returns per day.
- CPC has processed 35,16,75,769 E-Returns till 30th November 2019, as against the target of 2.7 crore e-filled returns, that CPC was to process in 5 years.

Increased adoption of EVC: Electronic Verification Code (EVC) process implemented in April 2015 through E-filing is successful and more than 50 lakh taxpayers have adopted this Green Initiative. CPC has already processed 3.02 crore returns validated through EVC for AY 2019-20.

Faster Processing of ITRs: Average processing time is reduced to 50 days for AY 2019-20, which is less than the period specified in citizen's charter (6 months) and much less than performance in manual processing.

Activity	Achievements during 01-04-2017 to 31-03-2018 (In Lakhs)	Achievements during 01-04-2018 to 31-03-2019 (In Lakhs)	Achievements during 01-04-2019 to 30-11-2019 (In Lakhs)
Processing of returns	264	711	472
Rectifications	3.91	6.03	7.93
Calls handling	8.7	9.46	6.18
Email-Communications	1709	2336	1575
SMS Communications	1986	2153	1337

Savings by use of email: Till date, CPC has sent around 115.78 Crore digitally signed PDF based intimations by email, around 106.11 Crore SMS alerts and around 5.26 Crore intimations sent by Speed Post all over the country. Savings due to e-delivery as compared to postage is Rs. 1,736 crore.

Financial Year	Communications via email sent to taxpayers	Postage cost saved (Rs. Crores) #
FY 2010-11	5,927,080	8.89
FY 2011-12	36,769,270	55.15
FY 2012-13	42,943,613	64.42
FY 2013-14	65,630,267	98.45
FY 2014-15	93,941,486	140.91
FY 2015-16	232,366,069	348.55
FY 2016-17	118,245,615	177.37
FY 2017-18	170,914,052	256.37
FY 2018-19	233,633,529	350.45
%age Growth over last year	37%	
FY2019-20 (Nov 19)	157,524,898	236.28
Total savings in 9 FY's		**1,736.84**

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 and campaigns, email through HTML template has been enabled and used.

  Customer Service: 90 call center agents attend to over 5,000 calls daily in 3 languages. Around 71.59 lakh calls attended till 31st March 2019. For FY 2019-20, 6,18,923 calls have been attended till Nov 19.

  Outbound calls: CPC call center made 8,61,855 outbound calls to Assessing Officers in connection with Demand Management till 30th Nov 2019.

  Grievance Redressal: CPC has enabled Web based Taxpayer Grievance Mechanism in the FY 2016-17. 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 redressed of the grievance is also updated on the e-filing web portal. Up to 31st March 2019, 14.70 lakh grievances have been received out of which 14.59 (96%) lakh grievances have been addressed. E-Nivaran Centralized Grievance System has been integrated with Online Grievance Portal from 19th August 2016 and 11.32 lakh grievances were received and 10.99 lakh were processed till 31st March 2019. For FY 2019-20, 4.79 lakh have been processed till 30th Nov 2019.

  Rectification: Rectification requests received from taxpayers processed within statutory time limits. For the FY 2018-19 (till 31st March 2019) CPC has processed 46.50 Lakh requests processed out of 49.00 Lakh requests filed. For FY 2019-20, 7.93 lakh rectifications are disposed till 30th Nov 2019. Due to the higher accuracy level of processing at CPC, there has been a sharp drop in overall rectification requests.

  Refund Reissue: Refund reissue requests due to refund failures at bank, incorrect bank account number, etc. involving amount of Rs. 5,663.20 cr. for FY 2018-19 were processed. All such requests are processed within 7 days of request accepted by CPC.

  Demand Management: To deal with the issue of updating of arrear demands, the outstanding demand position in CPC FAS (Financial Accounting System) was made available to field AOs through the AO Portal and to taxpayers through 'My Account' on e-filing website. As on 31st March 2019, AO has acted on 32,62,729 entries involving arrear demand of Rs. 5,44,130.88 Crore. CPC has also facilitated Taxpayers to revert on the demand position by agreeing/disagreeing to the demand through E filing website. Responses received in 56,74,054 entries totaling to Rs.5,64,147.69 Crores have been received from Taxpayers through e-filing website.

  Services to AO via ITBA: CPC has enabled completion of Scrutiny Assessments through the ITBA system. 2.13 lakh orders were processed during FY 2018-19. For FY 2019-20, 1.09 lakh orders were processed as on 30th Nov 2019.

Physical Returns Processing: CPC has enabled processing of Physical ITR (paper) that are digitized in the filed formation across the country. In FY 2018-19, 21.05 lakh digitized physical returns received through ITBA have been processed at CPC.

Storage of Documents: CPC has stored over 26.91 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.

4.9.16 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:

- Filing of Income Tax Return/Forms
- TDS Statement submission
- PAN Aadhaar Linking
- Rectification uploads and status after processing
- Refund Re-issue Request
- Request for Intimation u/s 143(1) and 154
- Tax Credit Mismatch Summary
- View Form 26AS
- Add/Register as Representative
- e-Vault Additional Security Option
- Login through Net Banking
- Verification and Validation of Contact details of Taxpayers
- Submitting Response to Outstanding Tax Demand
- e-Nivaran – Grievance Submission for multiple entities
- Schematron Implementation – ITR Validation Rule engine
- Electronic Verification Code for filing of ITRs (EVC)
- e-PAN
- e-Proceedings

The dedicated help desk deals with query or grievance related to e-Filing. The portal also provides help and static content 'in Hindi' for users.

e-Filing of ITRs: Electronic filing of IT returns over the internet picked up from AY 2006-07 and the number of returns filed electronically has risen from around 4 Lakh in FY 2006-07 to 668.09 Lakh in FY 2018-19. For FY 2019-20, **636.63 lakhs** are filed as on 30th Nov 2019. The progressive achievement of e-filing scheme is as under:

Financial Year	Number of e-returns (in lakhs)	Growth	Other forms	Growth
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%	22.81	-
2014-15	341.73	15.13%	33.96	48.84%
2015-16	433.43	26.83%	46.61	37.25%
2016-17	528.68	21.97%	59.95	28.62%
2017-18	674.74	27.63%	75.64	26.17%
2018-19	668.09	0.99%	87.48	15.65%
2019-20 (30/11/2019)	636.63	NA	NA	NA

Filing Growth (AY Split)			
ITR Forms	**AY 2018-19**	**AY 2017-18**	**Increase %**
ITR – 1	3,11,66,957	2,50,46,670	24.44%
ITR – 2	46,12,120	46,55,177	-0.92%
ITR – 3	1,21,49,205	99,08,934	22.61%
ITR – 4	1,43,75,902	1,27,61,551	12.65%
ITR – 5	15,03,185	13,15,360	14.28%
ITR – 6	8,92,103	8,19,063	8.92%
ITR – 7	2,40,114	2,23,549	7.41%
Total	**6,49,39,586**	**5,47,30,304**	**18.65%**

The total number of returns filed in FY 2018-19 is 6.68 Crore, as against 6.74 Crore returns filed in FY 2017-18. The apparent decrease in the number of ITRs filed during FY 2018-19 pertaining to earlier years was due to an amendment in Section 139(5) of the Income-tax Act, 1961 brought in vide Finance Act, 2017, w.e.f. 01.04.2018, which mandated that a revised return could be furnished only upto the end of the relevant Assessment Year, which led to filing of nearly 1.21 crore ITRs for AY 2016-17 in the FY 2017-18. For FY 2019-20, the number of returns filed till Nov 2019 is 6.36 Crore as against 6.08 crore during corresponding period of FY 2018-19, which is an increase of 4.73%.

New Registered Users: 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 30-11-2019 is 8.45 Crores

e-Filing of Audit reports and other forms:

Other Forms	FY 2018-19	FY 2017-18	FY 2016-17
Total Forms Filed	87,48,259	75,64,025	65,47,313

For FY2019-20, 76,92,644 no. of other forms are filed as on 30th Nov 2019.

Total Forms available for e-Filing

FY2019-20	FY 2018-19	FY 2017-18	FY 2016-17
91	87	82	81

e-verification of ITR-V using EVC: Electronic Verification Code has enabled the tax payers and auditors to verify the Income Tax Returns and Audit Certificates without digital signature, saving them the cost and time for sending paper verification to the Department. As on 31st March 2019, **3,52,94,298** ITRs and other Forms were e-Verified using Internet Banking, ATM OTP, Aadhaar OTP, D Mat Account and Bank Account. **As on 30th Nov 2019, 3,59,82,809 ITRs are e-verified for FY 2019-20.**

e-Nivaran: e-Nivaran is the online grievance redressal system of the Income Tax Department. All types of Grievances such as PAN application, processing, assessment, appeals, TDS etc., can be filed by tax payers. It is a cent percent paperless system, were communication is enabled through, e- mail, SMS also. Apart from Income Tax Department network, other related agencies such as NSDL, UTIITSL, SBI Refund Banker etc. are also roped in the scheme. CPC-ITR, CPC-TDS and E- Filing Portals are also there, and is addressing grievances filed by the tax payers. Grievances filed with CPGRAMS will also be integrated soon.

4.9.17 Project Name: Aayakar Sampark Kendra

Project Description

Aayakar Sampark Kendra is Taxpayer Information and Services Center of the Income tax Department to answer queries related to the status of PAN and TAN applications, procedure of filing of Income tax and Wealth tax returns, categories of assessees mandatorily required to file e-returns or make e-payment, procedure of e-filing of income tax returns, with or without digital signature. A facility to register grievances on telephone or through email and assist in getting them resolved, is also provided.

Deliverables

Deliverables from Aayakar Sampark Kendra are:

- Country wide facilities for assistance in e-filing of income tax returns with or without digital signatures and information related Challan and Return Preparation software.
- Assistance in downloading various forms: Income Tax Return Forms, Wealth Tax Return Forms.
- Facility to send Forms by e-mails.
- Procedure of making tax payment, including e-payment and payment through ATM.
- Answer queries related to the status of PAN and TAN applications & related procedure.
- Status of Refund.
- Answer Queries related to assessment Jurisdiction.
- Procedure of viewing Tax Credit Statement and registration for Tax Credit Statements.
- List of Tax Information Network Facilitation centers and PAN Service centers.
- NMS Related Queries.
- Handling misc. queries.

Achievements

The Department has setup Aayakar Sampark Kendra with toll free No.18001801961 and short code 1961. There is a National Call Centre (NCC) at Gurgaon and five Regional Call Centres (RCCs) at Jammu, Jangipur, Kochi, Shillong & Vadodara which cater to taxpayers in 14 languages including, Hindi & English.

4.10 Vigilance

a. FUNCTIONS/ WORKING OF ORGANIZATION

The Vigilance set-up of the Income Tax Department is headed by the Director General of Income Tax (Vigilance). She is also the Chief Vigilance Officer of the Organization. She is responsible for taking the initial decision on complaints against Group-A officers. She is also required to maintain an up to date record of such complaints and their latest status, through the prescribed registers, for submission of reports to the CVC, DOP&T etc. All the complaints against Group-A officers are, therefore, required to be forwarded to her for registration in the CVO's register as well as for further necessary action.

As CVO, she 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 her headquarters, who assist in initial processing of complaints and post disciplinary proceeding cases of Group-A officers, four regional Directorates of Income Tax (Vigilance) assist her in conduct of preliminary verifications or investigations. She makes all vigilance related references to CBDT, CVC, DOPT, UPSC etc. All such references are sent to her through the concerned Zonal ADG(Vig.).

Head office attends to all matters concerning disciplinary proceedings against all serving Group 'A' officers and all retired Group 'A' to Group 'C' officers/ officials. Thus, Pr. DGIT(V)/CVO, CBDT, Delhi assists the Disciplinary Authority (DA) i.e. the Finance Minister on all vigilance matters in consultation with CVC, UPSC and DoP&T.

Four Zonal Directorates of Income Tax (Vigilance) assist her 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.

Zonal offices are headed by officers of the rank of Commissioners who work under the control and supervision of DGIT(V)/CVO, CBDT. Besides, they assist DGIT(V)/CVO, CBDT in respect of all enquiries/ investigation etc. assigned to them by DGIT(V)/CVO, CBDT from time to time.

b. SIGNIFICANT POLICY DECISIONS

To expedite the disposal of disciplinary proceedings cases, CVC and the DoP&T have issued instructions from time to time, laying down guidelines for expeditious disposal of the disciplinary proceeding cases and emphasized that long delays in finalizing disciplinary matters are not only unjust to officials who may be finally exonerated, but help the guilty to evade punitive action. It has been instructed that the Inquiry Officers should scrupulously abide by the CVC and DoP&T instructions on the subject and conduct hearings in Departmental Inquires on a day to day basis, and conclude the inquiry within the stipulated timeline of six months without fail. Further, post-restructuring, all the officers are able to contribute more constructively in the disposals of pending DP matters. All efforts to bring down the pendency have been made.

c. Systems Improvement

Systems studies are carried out regularly by the Vigilance Directorate. Based upon the findings of the study, feedback and suggestions are given to the concerned wing of the Department. A Systems study was carried out by the Vigilance Directorate with regard to the irregularities in the appellate orders passed by CIT(Appeals). CBDT has issued Instruction No. 20/2003 dated 23.12.2003 directing for issue of appellate orders within 15 days of the last hearing. The Instruction was reiterated vide CBDT letter F. No. 279/Misc.53/2003-ITJ dated 19.06.2015 for strict compliance. The instructions are also applicable to orders passed by the CIT (Administrative)/ CCIT as regards matters within their purview under different sections of the Income Tax Act. The instruction was reiterated vide letter F. No. DGIT(Vig.)/HQ/SI/Appeals/2017-18/9959 dated 08.03.2018 and further giving instructions to CCsIT keep in mind that in the matters of corruption, unless otherwise evidenced, the vicarious liability of a supervisory officer can become absolute, if the supervisor who has the right, ability or duty to control the activates of a subordinate does not take steps to prevent the acts of misdemeanour by the subordinate. Failure of the Chief Commissioners of Income Tax to conduct regular inspections of the CIT(Appeals) working under them or failure to keep a watch on the quality of orders would be viewed adversely by the CBDT.

d. PREVENTIVE VIGILANCE

Income Tax Department has undertaken following reform initiatives in last few years by harnessing latest technology to enable a System driven working environment in the Department. These measures are aimed to introduce objectivity and reduce human interface between the taxpayer and the officials. The following initiatives have been taken:

Setting up of Tax Information Network

- Taxnet project for networking of all its offices across the country;
- Setting up of Centralized Processing Centre at Bengaluru
- Setting up of Centralized Processing Cell (TDS) at Vaishali
- E-filing of returns,
- Refund Banker Scheme to improve channel delivery of refunds;
- Sevottam Scheme for monitoring of dak and grievances;
- Dedicated Call Centre
- Comprehensive Website that consolidated all e-services etc.

Sensitive posts and rotation transfers

The Transfer Policy of the CBDT lays down the guidelines for transfer & posting of IRS officers. As per the policy, the officers posted in sensitive posts are transferred out on a regular basis.

Scrutiny of APARs

The CBDT is the custodian of the APARs. Any adverse remarks in APAR about integrity of any officer are communicated to the DGIT (Vigilance) for investigation and further necessary action.

e. Training and awareness campaigns conducted and proposed

Training courses are organized regularly for the field officers for updating their skills and knowledge about the Vigilance matters. The officers of the Vigilance Directorate visit NADT, Nagpur and field offices for imparting training. Training courses are organized regularly for the field officers for updating their skills and knowledge about the Vigilance matters. The officers of the Vigilance Directorate visit NADT, Nagpur and field offices for imparting training.

f. Mechanism put in place to measure development outcomes of major schemes/ programmers implemented through the department/Division.

Probity

Steps to ensure probity in Government servants:

In order to ensure probity in income Tax Department following steps have been taken.

i) Review of Officers under FR 56(j) is now being done for all Officers in the age group of 50 to 60 years of age.

ii) In review meetings of FR56(j) not only IPR, APAR but also Secret note in integrity column, doubtful reputation etc. are made the basis of examination.

iii) Separate efforts are being made to bring comprehensive data updation on absconding/ resigned/ expired Officers.

iv) Offices of Pr. CCIT (CCA) have been asked to conduct review under FR 56(j) for grade B&C employees with due seriousness.

v) This exercise of review under Rule 56-(j) is being done regularly on quarterly basis for all employees (Group- ‘A’, ‘B’& ’C’). Upto 31.12.2019, 962 cases were reviewed.

g. Inputs on E-Governance activities:

Through comprehensive computerization initiatives, the department has enabled end-to-end e-delivery services that inter alia include:

- E-Payment of taxes
- E-filing of TDS statements
- E-Processing of TDS statements
- E-view of tax credits

- E-filing of Income Tax Returns
- E-Processing of Income Tax Returns
- E-Matching of tax Credits
- E-tracking of processing of the Income Tax Returns
- E-Delivery of Refunds
- E-tracking of Refunds

Therefore, the present initiatives of the department have made it possible to comply with the tax obligations without visiting the Income Tax Office on anywhere, anytime basis. This is reflected in the latest initiatives of the Department regarding e-Assessment, e-Nivaran and e-Appeal. Thus, the tax payers can participate in scrutiny assessment proceedings using e-Assessment facility, get their grievances redressed through e-Nivaran and file appeals online through e-Appeal.

4.11 Pr. DGIT (Administration & Tax Payers Services)

There are seven (7) Directorates under the charge of the Pr. DGIT (Admn. & TPS), New Delhi which are attached offices of the CBDT under the administrative control of the Department of Revenue, Ministry of Finance. Each Directorate is headed by an Addl. Director General of Income-tax, an officer in the rank of Commissioner of Income-tax.

The details of all the above Directorates are given hereunder:

A. Directorate of Income-tax (O&MS):

The major steps/initiatives/decisions taken by Directorate of Income-tax (O&MS) with respect to the during the F.Y. up to 30-11-2019 are:

(i) Aayakar Sewa Kendra – Setting up:

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 01.04.2018 to 31.03.2019	Projection/Estimate from 01.04.2019 to 31.03.2020
30 ASKs have been set up	44 more ASKs are to be setup by 31-03-2020

In All 430 Aayakar Sewa Kendras have been set up across all buildings of the Income *Tax Department upto 31-03-2019.*

(ii) Streamlining of MIS Reports:

DOMS is undertaking the work of revamping of Reporting System by merging multiple reports being sent to higher authorities into a single integrated online and IT Enabled reporting system on ITBA platform.

(iii) Manual of Office Procedure:

The Manual of Office Procedure was updated.

(iv) Digitization of Income Tax Rules from 1995 to 2018:

The Income Tax Rules from 1995 to 2018 which were published by the Department in print format were digitized.

(v) Review of RFD:

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. DIT (O&MS) is the coordinator for preparing Results Framework Document (RFD) every year and for half yearly and yearly review of RFD. The RFD for the year 2019-20 was prepared and submitted to CBDT in March, 2019.

(vi) Process & Management Studies:

Study to ensure integrity and accuracy of statistics of demand reported in CAP-I vis-à-vis CPC ITR was under taken and completed.

B. Directorate of Income-tax (TPS-I & TDS):

The Directorate of Income-tax (TPS-I & TDS) monitors and implements the following functions/works related to taxpayer services:

i. Monitoring of all ASK Centres located pan India, training of ASK Personnel and coordination of accreditation/audit by Bureau of Indian Standards of the ASK centres. Presently, 190 ASK centres have been certified by BIS. Further, the Directorate is in the process of getting 50 more ASK centres accredited during F.Y 2019-20.

ii. Monitoring of Online Grievance Redressal System, e-Nivaran and registering the feedbacks from the taxpayers/citizens whose grievances have been resolved. 'E-Nivaran' is an electronic grievance redressal system integrated with the ITBA application, the Department's internal online working system. The paper grievances received through ASK Centres are also digitized and integrated with E-Nivaran module. The CBDT also forwards the grievances which are received manually or through e-mail in the offices of PM/FM/MOS/Chairman/Members, CBDT, to the Directorate. These grievances are also uploaded on E-Nivaran module according to PAN jurisdiction. The Directorate monitors the pendency and redressal of E-Nivaran grievances all over the country. The Directorate has also implemented a system of registering the feedbacks from the taxpayers/citizens whose grievances have been resolved.

iii. Maintenance of TPS module/Mobile App "*Aaykar Setu*" on the lines of Digital India initiative, which provides extensive information about tax related queries/services. The Directorate has launched an e-platform for accessing the key tax payer services provided by the Department to the general public/taxpayers. The Tax Payer Services Module/Mobile App provide extensive information about tax related queries & services.

iv. Implementation and Monitoring of the Tax Return Preparer Scheme, in accordance with the provisions of section 139B of the Income Tax Act, 1961 which codifies the function, code of conduct & duties and obligations of the TRP's. The TRP (Amendment) Scheme, 2018 has been amended, expanded and notified in January, 2018 and is presently under review for launch/implementation.

v. Review of Citizen's Charter 2014. The Directorate also implements and monitors Citizen's Charter. The Citizen's Charter is being reviewed and the proposed Citizen's Charter, 2019 will be launched/released soon.

vi. Work related to TDS Administration. The Directorate is monitoring TDS collection, TDS Arrear and current demand collection, TDS related grievances/complaints, consolidation of data regarding prosecution and compounding, TDS surveys/spot verifications and outreach programmes and other TDS related functions. The Directorate also organizes all India TDS conference every year for strategy to make TDS system effective, exploring new areas to be covered by TDS/TCS.

C. DIRECTORATE OF INCOME-TAX (TPS-II):

The Directorate of Tax Payer Service – II has been assigned the duties of monitoring of disposal of public grievances on CPGRAMS. All grievances are downloaded from the website pgportal.gov.in and after examination, action taken by the offices subordinate to CBDT are monitored by the Directorate to ensure timely resolution of the grievances. Information about Redressal action taken in such cases, is uploaded on the website by the subordinate offices. The Directorate constantly monitors the resolution of the grievances throughout the country.

The disposal of grievances from 01.04.2019 to 30.11.2019 in respect of the Directorate is as under:

i. Disposal of grievances - 90% (Grievance received during the year- 2020, Disposal- 25984; Brought Forward were 2649)

ii. Average Disposal Time-27 days.

D. DIRECTORATE OF INCOME-TAX (PR, P&P):

The Directorate of Income-tax (Public Relations, Printing & Publications) is responsible for Publicity and Public Relations, Printing and Publications in the Income-tax Department all over India.

Its main functions are:

i. To carry out the advertisement campaign for the Income Tax Department in print, electronic media, internet, social media and outdoor publicity for bringing awareness amongst taxpayers about income tax provisions and statutory timelines.

ii. To set up and operate Tax Payer Lounge at the Indian International Trade Fair, Pragati Maidan, New Delhi and also in other fair/exhibitions in India.

iii. Running the Mobile App '*Aaykar Kutumb*' (the digital version of AHB).

iv. To bring out publications for internal use of Income Tax Department.

v. Updation, publishing and distribution of Administrative Hand Book containing information in respect of the CBDT and the Income Tax Department, and contact details of Senior Officers.

vi. Design, publishing and distribution of New Year Calendar and table Calendar of Income Tax Department.

vii. Publishing of Tax Payer Information Series in the form of booklets, brochures/pamphlets pertaining to various income & other direct taxes related issues.

E. Directorate of Income Tax (Infrastructure):

The Directorate is responsible for processing and examination of Infrastructure proposals received from the field formations. A wide variety of proposals such as purchase of land, ready built office & residential accommodation; construction of office(s) & residential buildings, Hiring/ Rent revision of Office space, repairs & renovation works etc. are dealt with.

During the year under consideration, so far, the Directorate has been successful in getting some major projects sanctioned. These are as under:

- Construction of office building at Nariman Point for sum of Rs. 106 Crores,
- Purchase of Land at Tripura for construction of office worth Rs. 21.00 Crores,
- Construction of Office building on plot of land situated at Bhopal for sum of Rs. 82.00 Crores.
- Demolition of building(s) at BKC, Mumbai for construction of New Office Complex
- Construction of Office Building at Dibrugarh with sanctioned cost of 34.50 crores.
- Purchase of land in Gurugram for office building for cost of Rs. 91.36 Crores.

The Directorate has taken initiative and has asked field formations to install CCTVs at important project sites for remote monitoring of these projects.

The Directorate has recently developed and installed IPMS – Infrastructure Project Management System for effective monitoring of all project proposals.

F. Directorate of Income Tax (Budget-Expenditure):

The Directorate of Expenditure Budget is mandated to act as the Nodal Authority in respect of all Budget and Expenditure Matters for Grant No. 32 - Direct Taxes for the Central Board of Direct Taxes.

G. Directorate of Income-tax (Research & Statistical Wing):

The Directorate of Research and Statistics is responsible for collection, compilation and dissemination of statistics on various aspects of Direct Taxes. These statistics are being collected from the field establishments i.e. from the offices of Chief Commissioners of Income Tax/Director General of Income Tax and Commissioners of Income Tax (Appeals).

4.12 MEDIA CENTRE (M&TP)

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. As a result of regular interface with the media, a more realistic and positive image of the Department could be projected. The CBDT twitter handle @ IncomeTaxIndia is also being managed by the Media Centre. During 2019-20, the twitter handle started engaging directly with the tax-payers resulting in expeditious resolution of grievances. Information of public value relating to Direct Taxes is also disseminated regularly through the twitter account.

Appendix 'D'

India's DTAA/TIEA/Multilateral Agreement as on 31st December, 2019

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
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	01.12.2016
4.	Anguilla	Multilateral Convention	Extension by the United Kingdom	01.03.2014
5.	Antigua and Barbuda	Multilateral Convention	27.02.2018	01.02.2019
6.	Argentina	Taxation Information Exchange Agreement ("TIEA")	21.11.2011	28.01.2013
		Multilateral Convention	03.11.2011	01.01.2013
7.	Armenia	DTAA	31.10.2003	09.09.2004
		Protocol	27.01.2016	Not yet entered into force
8.	Aruba	Multilateral Convention	Extension by the Netherlands	01.09.2013
9.	Australia	DTAA	25.07.1991	30.12.1991
		Protocol	16.12.2011	02.04.2013
		Multilateral Convention	03.11.2011	01.12.2012
10.	Austria	DTAA	08.11.1999	05.09.2001
		Protocol	06.02.2017	Not yet entered into force
		Multilateral Convention	29.5.2013	01.12.2014
11.	Azerbaijan	Multilateral Convention	23.5.2014	01.09.2015
12.	Bahamas	TIEA	11.02.2011	01.03.2011
		Multilateral Convention	15.12.2017	01.08.2018
13.	Bahrain	TIEA	31.05.2012	11.04.2013
		Multilateral Convention	29.06.2017	01.09.2018
14.	Bangladesh	DTAA	27.08.1991	27.05.1992
		Protocol	16.02.2013	13.06.2013
		SAARC Multilateral Agreement	13.11.2005	19.05.2010

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
15.	Barbados	Multilateral Convention	28.10.2015	01.11.2016
16.	Belarus	DTAA	27.09.1997	17.07.1998
		Amending Protocol	03.06.2015	19.11.2015
17.	Belgium	DTAA	26.04.1993	01.10.1997
		Protocol	09.03.2017	Not yet entered into force
		Multilateral Convention	04.04.2011	01.04.2015
18.	Belize	TIEA	18.09.2013	25.11.2013
		Multilateral Convention	29.05.2013	01.09.2013
19.	Bermuda	TIEA	07.10.2010	03.11.2010
		Multilateral Convention	Extension by United Kingdom	01.03.2014
20.	Bhutan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
		DTAA	04.03.2013	17.07.2014
21.	Botswana	DTAA	08.12.2006	30.01.2008
22.	Brazil	DTAA	26.04.1988	11.03.1992
		Protocol	15.10.2013	Not yet in force
		Multilateral Convention	03.11.2011	01.10.2016
23.	British Virgin Islands	TIEA	09.02.2011	22.08.2011
		Multilateral Convention	Extension by United Kingdom	01.03.2014
24.	Brunei Darussalam	Multilateral Convention	12.09.2017	01.07.2019
25.	Bulgaria	DTAA	26.05.1994	23.06.1995
		Multilateral Convention	26.10.2015	01.07.2016
26.	Burkina Faso	Multilateral Convention	25.08.2016	Not yet in force in Burkina Faso
27.	Canada	DTAA	11.01.1996	06.05.1997
		Multilateral Convention	03.11.2011	01.03.2014
28.	Cameroon	Multilateral Convention	25.06.2014	01.10.2015
29.	Cayman Islands	TIEA	21.03.2011	08.11.2011
		Multilateral Convention	Extension by United Kingdom	01.01.2014
30.	China	DTAA	18.07.1994	21.11.1994
		Protocol	26.11.2018	
		Multilateral Convention	27.08.2013	01.02.2016
31.	Chinese Taipei (Taiwan)	DTAA	12.07.2011	12.08.2011

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
32.	Chile	Multilateral Convention	24.10.2013	01.11.2016
33.	Colombia	DTAA	13.05.2011	07.07.2014
		Multilateral Convention	23.05.2012	01.07.2014
34.	Cook Island	Multilateral Convention	28.10.2016	01.09.2017
35.	Costa Rica	Multilateral Convention	01.03.2012	01.08.2013
36.	Croatia	DTAA	12.02.2014	06.02.2015
		Multilateral Convention	11.10.2013	01.06.2014
37.	Curacao	Multilateral Convention	Extension by the Netherlands	01.09.2013
38.	Cyprus	DTAA	13.06.1994	21.12.1994
		Protocol	18.11.2016	14.12.2016
		Multilateral Convention	10.07.2014	05.09.2014
39.	Czech Republic	DTAA	01.10.1998	27.09.1999
		Multilateral Convention	26.10.2012	01.02.2014
40.	Denmark	DTAA	08.03.1989	13.06.1989
		Protocol	10.10.2013	01.02.2015
		Multilateral Convention	27.05.2010	01.06.2011
41.	Dominican Republic	Multilateral Convention	28.06.2016	01.12.2019
42.	Egypt (United Arab Republic)	DTAA	20.02.1969	30.09.1969
43.	El Salvador	Multilateral Convention	01.06.2015	01.06.2019
44.	Estonia	DTAA	19.09.2011	20.06.2012
		Multilateral Convention	29.05.2013	01.11.2014
45.	Ethiopia	DTAA	25.05.2011	15.10.2012
46.	Ecuador	Multilateral Convention	21.12.2018	01.12.2019
47.	Faroe Islands	Multilateral Convention	Extension by Denmark	01.06.2011
48.	Fiji	DTAA	30.01.2014	15.05.2014
49.	Finland	DTAA	15.01.2010	19.04.2010
		Multilateral Convention	27.05.2010	01.06.2011
50.	France	DTAA	29.09.1992	01.08.1994
		Multilateral Convention	27.05.2010	01.04.2012
51.	Gabon	Multilateral Convention	03.07.2014	Not yet in force in Gabon
52.	Georgia	DTAA	24.08.2011	08.12.2011
		Multilateral Convention	03.11.2010	01.06.2011
53.	Germany	DTAA	19.06.1995	26.10.1996
		Multilateral Convention	03.11.2011	01.12.2015

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
54.	Ghana	Multilateral Convention	10.07.2012	01.09.2013
55.	Gibraltar	TIEA	01.02.2013	11.03.2013
		Multilateral Convention	Extension by the United Kingdom	01.03.2014
56.	Green Land	Multilateral Convention	Extension by the Denmark	01.06.2011
57.	Greece	DTAA	11.02.1965	17.03.1967
		Multilateral Convention	21.02.2012	01.09.2013
58.	Grenada	Multilateral Convention	18.05.2018	01.09.2018
59.	Guatemala	Multilateral Convention	05.12.2012	01.10.2017
60.	Guernsey	TIEA	20.12.2011	11.06.2012
		Multilateral Convention	Extension by the United Kingdom	01.08.2014
61.	Hong Kong	DTAA	19.03.2018	30.11.2018
		Multilateral Convention		01.09.2018
62.	Hungary	DTAA	03.11.2003	04.03.2005
		Multilateral Convention	12.11.2013	01.11.2014
63.	Iceland	DTAA	23.11.2007	21.12.2007
		Multilateral Convention	27.05.2010	01.02.2012
64.	Indonesia	DTAA	07.08.1987	19.12.1987
		Revised DTAA	27.07.2012	05.02.2016
		Multilateral Convention	03.11.2011	01.05.2015
65.	Ireland	DTAA	06.11.2000	26.12.2001
		Multilateral Convention	30.06.2011	01.09.2013
66.	Isle of Man	TIEA	04.02.2011	17.03.2011
		Multilateral Convention	Extension by the United Kingdom	01.03.2014
67.	Israel	DTAA	29.01.1996	15.05.1996
		Protocol	14.10.2015	19.12.2016
		Multilateral Convention	24.11.2015	01.12.2016
68.	Italy	DTAA	19.02.1993	23.11.1995
		Multilateral Convention	27.05.2010	01.05.2012
69.	Japan	DTAA	07.03.1989	29.12.1989
		Protocol	11.12.2015	29.10.2016
		Multilateral Convention	03.11.2011	01.10.2013
70.	Jamaica	Multilateral Convention	01.06.2016	01.03.2019

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
71.	Jersey	TIEA	03.11.2011	08.05.2012
		Multilateral Convention	Extension by the United Kingdom	01.06.2014
72.	Jordan	DTAA	20.04.1999	16.10.1999
73.	Kazakhstan	DTAA	09.12.1996	02.10.1997
		Multilateral Convention	23.12.2013	01.08.2015
		Protocol	06.01.2017	12.03.2018
74.	Kenya	DTAA	12.04.1985	20.08.1985
		Revised DTAA	07.11.2016	30.08.2017
		Multilateral Convention	08.02.2016	Yet to be in force in Kenya
75.	Korea (Republic of)	DTAA	19.07.1985	01.08.1986
		Revised DTAA	18.05.2015	Yet to be in force
		Multilateral Convention	27.05.2010	01.07.2012
76.	Kuwait	DTAA	15.06.2006	17.10.2007
		Protocol		26.03.2018
		Multilateral Convention	05.05.2017	01.12.2018
77.	Kyrgyz Republic	DTAA	13.04.1999	10.01.2001
78.	Latvia	DTAA	18.09.2013	28.12.2013
		Multilateral Convention	29.05.2013	01.11.2014
79.	Lebanon	Multilateral Convention	12.05.2017	01.09.2017
80.	Liechtenstein	TIEA	28.03.2013	20.01.2014
		Multilateral Convention	21.11.2013	01.12.2016
81.	Liberia	TIEA	03.10.2011	30.03.2012
82.	Libya	DTAA	02.03.1981	01.07.1982
83.	Lithuania	DTAA	26.07.2011	10.07.2012
		Multilateral Convention	07.03.2013	01.06.2014
84.	Luxembourg	DTAA	02.06.2008	09.07.2009
		Multilateral Convention	29.05.2013	01.11.2014
85.	Macau, China	TIEA	03.01.2012	16.04.2012
		Multilateral Convention		01.09.2018
86.	Macedonia	DTAA	17.12.2013	12.9.2014
87.	Malaysia	DTAA	14.05.2001	14.08.2003
		Revised DTAA	09.05.2012	26.12.2012
		Multilateral Convention	25.08.2016	01.05.2017

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
88.	Maldives	SAARC Multilateral Agreement	13.11.2005	19.05.2010
		TIEA	11.04.2016	02.09.2016
89.	Malta	DTAA	28.09.1994	08.02.1995
		Revised DTAA	08.04.2013	07.02.2014
		Multilateral Convention	26.10.2012	01.09.2013
90.	Marshall Island	TIEA	18.03.2016	21.05.2019
		Multilateral Convention	22.12.2016	01.04.2017
91.	Mauritius	DTAA	24.08.1982	06.12.1983
		Protocol	10.05.2016	19.07.2016
		Multilateral Convention	23.06.2015	01.12.2015
92.	Mexico	DTAA	10.09.2007	01.02.2010
		Multilateral Convention	27.05.2010	01.09.2012
93.	Moldova	Multilateral Convention	27.01.2011	01.03.2012
94.	Monaco	TIEA	31.07.2012	27.03.2013
		Multilateral Convention	13.10.2014	01.04.2017
95.	Mongolia	DTAA	22.02.1994	29.03.1996
96.	Montenegro	DTAA	08.02.2006	23.09.2008
97.	Montserrat	Multilateral Convention	Extension by the United Kingdom	01.10.2013
98.	Morocco	DTAA	30.10.1998	20.02.2000
		Protocol	08.08.2013	Not yet in force
		Multilateral Convention	21.05.2013	01.09.2019
99.	Mozambique	DTAA	30.09.2010	28.02.2011
100.	Myanmar	DTAA	02.04.2008	30.01.2009
101.	Namibia	DTAA	15.02.1997	22.01.1999
102.	Nauru	Multilateral Convention	28.06.2016	01.10.2016
103.	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
104.	Netherlands	DTAA	30.07.1988	21.01.1989
		Protocol	10.05.2012	02.11.2012
		Multilateral Convention	27.05.2010	01.09.2013
105.	New Zealand	DTAA	17.10.1986	03.12.1986
		Protocol	26.10.2016	07.09.2017
		Multilateral Convention	26.10.2012	01.03.2014
106.	Nigeria	Multilateral Convention	29.05.2013	01.09.2015

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
107.	Niue	Multilateral Convention	27.11.2015	01.10.2016
108.	Norway	DTAA	02.02.2011	20.12.2011
		Multilateral Convention	27.05.2010	01.06.2011
109.	Oman	DTAA	02.04.1997	03.06.1997
110.	Pakistan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
		Multilateral Convention	14.09.2016	01.04.2017
111.	Panama	Multilateral Convention	27.10.2016	01.07.2017
112.	Peru	Multilateral Convention	25.10.2017	01.09.2018
113.	Philippines	DTAA	12.02.1990	21.03.1994
		Multilateral Convention	26.09.2014	Not yet in force in Philippines
114.	Poland	DTAA	21.06.1989	26.10.1989
		Protocol	29.01.2013	01.06.2014
		Multilateral Convention	09.07.2010	01.10.2011
115.	Portugal	DTAA	11.09.1998	30.04.2000
		Protocol	24.06.2017	Yet to be entered into force
		Multilateral Convention	27.05.2010	01.03.2015
116.	Qatar	DTAA	07.04.1999	15.01.2000
		Multilateral Convention	10.11.2017	01.01.2019
117.	Romania	DTAA	10.03.1987	14.11.1987
		Revised DTAA	08.03.2013	16.12.2013
		Multilateral Convention	15.10.2012	01.11.2014
118.	Russia	DTAA	25.03.1997	11.04.1998
		Multilateral Convention	03.11.2011	01.07.2015
119.	Samoa	Multilateral Convention	25.08.2016	01.12.2016
120.	San Marino	TIEA	19.12.2013	29.08.2014
		Multilateral Convention	21.11.2013	01.12.2015
121.	Saint Kitts and Nevis	TIEA	11.11.2014	02.02.2016
		Multilateral Convention	25.08.2016	01.12.2016
122.	Saint Lucia	Multilateral Convention	21.11.2016	01.03.2017
123.	Saint Vincent and the Grenadines	Multilateral Convention	25.08.2016	01.12.2016
124.	Saudi Arabia	DTAA	25.01.2006	01.11.2006
		Multilateral Convention	29.05.2013	01.04.2016
125.	Senegal	Multilateral Convention	04.02.2016	01.12.2016

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
126.	Serbia	DTAA	08.02.2006	23.09.2008
		Multilateral Convention	13.06.2019	01.12.2019
127.	Seychelles	TIEA	26.08.2015	28.09.2016
		Multilateral Convention	24.02.2015	01.10.2015
128.	Singapore	DTAA	24.01.1994	27.05.1994
		Protocol	29.06.2005	01.08.2005
		Protocol	24.06.2011	01.09.2011
		Protocol	31.12.2016	27.02.2017
		Multilateral Convention	29.05.2013	01.05.2016
129.	Sint Maarten	Multilateral Convention	Extension by the Netherlands	01.09.2013
130.	Slovak Republic	DTAA	01.10.1998	27.09.1999
		Multilateral Convention	29.05.2013	01.03.2014
131.	Slovenia	DTAA	13.01.2003	17.02.2005
		Protocol	17.05.2016	21.12.2016
		Multilateral Convention	27.05.2010	01.06.2011
132.	South Africa	DTAA	04.12.1996	28.11.1997
		Protocol	26.7.2013	26.11.2014
		Multilateral Convention	03.11.2011	01.03.2014
133.	Spain	DTAA	08.02.1993	12.01.1995
		Protocol	26.10.2012	Not yet in force
		Multilateral Convention	11.03.2011	01.01.2013
134.	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
135.	Sudan	DTAA	22.10.2003	15.04.2004
136.	Sweden	DTAA	24.06.1997	25.12.1997
		Protocol	07.02.2013	16.08.2013
		Multilateral Convention	27.05.2011	01.09.2011
137.	Switzerland	DTAA	02.11.1994	29.12.1994
		Protocol	30.08.2010	07.10.2011
		Multilateral Convention	15.10.2013	01.01.2017
138.	Syria	DTAA	06.02.1984	25.06.1985
		Revised DTAA	18.06.2008	10.11.2008
139.	Tanzania	DTAA	27.05.2011	12.12.2011
140.	Tajikistan	DTAA	20.11.2008	10.04.2009
		Protocol	17.12.2016	20.02.2018

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
141.	Thailand	DTAA	22.03.1985	13.03.1986
		Revised DTAA	29.06.2015	13.10.2015
142.	Trinidad and Tobago	DTAA	08.02.1999	13.10.1999
143.	Tunisia	Multilateral Convention	16.07.2012	01.02.2014
144.	Turkey	DTAA	31.01.1995	01.02.1997
		Multilateral Convention	03.11.2011	01.07.2018
145.	Turkmenistan	DTAA	25.02.1997	07.07.1997
146.	Turks & Caicos	Multilateral Convention	Extension by the United Kingdom	01.12.2013
147.	Uganda	DTAA	30.04.2004	27.08.2004
		Multilateral Convention	04.11.2015	01.09.2016
148.	Ukraine	DTAA	07.04.1999	31.10.2001
		Multilateral Convention	27.05.2010	01.09.2013
149.	United Arab Emirates	DTAA	29.04.1992	22.09.1993
		Protocol	26.03.2007	03.10.2007
		Protocol	16.04.2012	12.03.2013
		Multilateral Convention	21.04.2017	01.09.2018
150.	United Kingdom	DTAA	25.01.1993	26.10.1993
		Protocol	30.10.2012	27.12.2013
		Multilateral Convention	27.05.2010	01.10.2011
151.	United States	DTAA	12.09.1989	18.12.1990
		Multilateral Convention	27.05.2010	Not yet in force in United States
		Foreign Account Tax Compliance Act (FATCA)	09.07.2015	31.08.2015
152.	Uruguay	DTAA	08.09.2011	21.6.2013
		Multilateral Convention	01.06.2016	01.12.2016
153.	Uzbekistan	DTAA	29.07.1993	25.01.1994
		Protocol	11.04.2012	20.07.2012
154.	Vietnam	DTAA	07.09.1994	02.02.1995
		Protocol	03.09.2016	21.02.2017
155.	Zambia	DTAA	05.06.1981	18.01.1984

Appendix 'E'

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.

India has been a participant in the Task Force on Digital Economy (TFDE), which was created to carry out the work of "the tax challenges of digital economy . In 2016, India has introduced Equalization Levy which is one of the three options to deal with the taxation challenges presented by digital economy recognized in the Final Report on Action 1 of BEPS.

The mandate of TFDE was renewed by the Inclusive Framework (IF) on BEPS in January, 2017 and this included delivery of an interim report on the tax challenges of digital economy in 2018 and a final report by 2020. In March 2018, the IF, working through the TFDE, issued Tax Challenges Arising from Digitalization – Interim Report 2018 (the Interim Report). Subsequently, the IF agreed to a Programme of Work (PoW) at its meeting held in Paris in May 2019, based around two pillars- Pillar 1 and Pillar 2, as elucidated in section 1 of this document.

Subsequently, OECD carried out two public consultations on "Secretariat's proposals for Unified Approach" under Pillar 1 and on "Pillar 2" in which India has actively participated and raised in concerns, wherever required which have been duly documented. Presently, in order to find a solution based on global consensus, India is deeply engaged in the discussions on Pillar 1 and 2 at international level with the OECD and Inclusive Framework on BEPS comprising of 137 member countries, which has been mandated by the G-20 to find a consensus solution to address the tax challenges arising from digital economy.

Action 2 – Neutralize 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 neutralize 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 neutralizing 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 Controlled Foreign Company Rules (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. The recommendations are designed to ensure that jurisdictions that choose to implement them will have rules that effectively prevent taxpayers from shifting income into foreign subsidiaries. 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.

India has introduced limit on interest deduction through Finance Bill, 2017. The new section 94B of the Income-tax Act provides that interest income claimed by an entity as a payment to its Associated Enterprise (AE) shall be restricted to 30% of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid/ payable to AE, whichever is less.

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. India has created the necessary framework for implementation of transparency framework and the same has been subject to peer review also.

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. To achieve this minimum standard in a swift manner, India has signed the Multilateral Instrument (MLI).

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 (CbC) 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. Law enabling exchange of CbC report was introduced through Finance Act, 2016. Subsequently, amendments have been brought in the Rules by inserting new rules (rules 10DA & 10DB) and the rules were notified on 1-11-2017, with effect from 31-10-2017.

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.

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 (MLI) 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 was 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. More than 100 countries participated in the work on an equal footing. The MLI has been finalized and on the first date for signing the MLI on 7th June, 2017, 68 jurisdictions including India signed the MLI. As on date, there are 90 signatories of MLI, out of which 37 jurisdictions including India have already ratified the same.

5. Integrated Financial Unit (IFU)

Integrated Finance Division of the Department of Revenue is under the direct supervision of Addl. 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/GST & Customs and Director (Finance), Direct Taxes/Expenditure assist the AS&FA (Fin).

5.1 Activities undertaken by the Integrated Financial Unit:

All offices under the Department of Revenue, which *inter-alia* include Revenue headquarters, Central Board of Direct Taxes (CBDT), Central Board of Indirect Taxes & Customs (CBIC), Narcotics Control Division, Central Bureau of Narcotics, Chief Controller of Factories, Central Economic Intelligence Bureau, Financial Intelligence Unit (FIU-IND), Goods & Service Tax Council Secretariat, 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 Indirect Taxes & Customs which include Directorate General of Systems & Data Management, Directorate General of Human Resource Development, Directorate of Revenue Intelligence, Directorate General of Goods and Service Tax Intelligence, Directorate General of Goods and Service Tax, National Academy of Customs, Indirect Taxes & 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.

5.2 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 Indirect Taxes & 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 equipment i.e. scanners and marine vessels.

(c) Proposals for deputation abroad of officers of the Department, CBDT, CBIC 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 GST 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 Delegated Investment Board (DIB), Public Investment Board and Cabinet Committee on Economic Affairs (CCEA) relating to comprehensive computerization plan of CBDT/ CBIC, capital expenditure involving construction of office/residential complexes and readymade office/residential buildings of all the three Departments.

(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, guest houses and cash award scheme for meritorious children with special emphasis on girl children and children of group 'D' staff.

(j) Schemes proposed by CBDT/CBIC 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.

5.3 The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2019-20 was prepared. RE 2019-20 and BE 2020-21 ceiling has been finalized and communicated by the Budget Division, Department of Economic Affairs. The Details of RE 2019-20 and BE 2020-21 in respect of all the three grants are as below:

(Rs. in crore)

Grant	Gr. No.	2019-20		2020-21
		BE	RE	BE
D/o Revenue	31	203466.73	243505.77	272250.83
Direct Taxes	32	7338.44	7343.44	8065.39
Indirect Taxes	33	7900.50	7900.50	8500.50

5.4 Integrated Finance Division has taken the following steps/initiatives in 2019-20:-

(i) Implementation of Cash Management Plan as per Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) as envisaged by Budget Division of Department of Economic Affairs, Ministry of Finance.

(ii) Review of Monthly and Quarterly Expenditure vis-à-vis budgetary allocations and MEP/QEA and report to Revenue Secretary and Expenditure Secretary in compliance to the guidelines of the Department of Expenditure, Ministry of Finance for strict financial discipline.

(iii) Review of specific activities/developments of Department of Revenue and report to Secretary (Expenditure) through monthly DOs.

(iv) 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.

(v) Preparation and budgetary allocation for Compensation to States/UTs for revenue loss on roll out of GST; Government Opium & Alkaloid Works; Acquisition of residential and office accommodation; Strengthening of IT capability for e-governance of CBIC, CBDT and Department of Revenue; Acquisition of ships and fleets to strengthen Marine capability & Acquisition of Anti-Smuggling equipment.

5.5 In addition, the allocation and monitoring of the budget relating to advances, viz. House Building Advance, Computer Advance etc. were also done.

5.6 The Integrated Finance Division has also been entrusted with the formulation of schemes of important expenditure proposals from their initial stage. It also follows up with the Department/Boards for the settlement of audit objections, inspection reports, draft audit paras and reports of PAC/Standing Committee.

6. Implementation of Official Language Policy

6.1 The Department of Revenue has a full-fledged Official Language Division which is entrusted with the task of implementing the Official Language Policy of the Government of India. The Division is headed by a 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. 30 sections of the Department have been specified for doing their entire work in Hindi.

6.2 Performance of the OL Division during the year under report:

a. All the documents pertaining to CBIC, 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 CBIC, 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;

d. A number of Double Tax Avoidance Agreements entered into with various countries were translated into Hindi; and

e. Website material received from all the sections of the Department of Revenue (HQs), CBDT and CBIC was translated into Hindi and uploaded on the Ministry's website.

6.3 Hindi Salahakar Samiti and OLIC meetings:

Action has been taken for formation of Sanyukt Hindi Salahakar Samiti of the Departments of Revenue, Expenditure and Investment & Public Asset Management and Office of the Comptroller and Auditor General of India.

6.4 Official Language Inspections:

The officers of the Hindi Division of the Department also carried out inspections of 09 sections of headquarters and 06 subordinate offices under the control of the Department of Revenue 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.

6.5 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 official work in Hindi.

Hindi Pakhwara was celebrated from 01 September, 2019 to 15 September, 2019. 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, Hindi speaking non-gazetted officers as well as the non-Hindi Speaking 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.

6.6 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.

6.7 Training:

During the year 2019-20, 8 JSA/ ASOs/ MTS and 5 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.

7. Implementation of the Right to Information Act, 2005

7.1 In order to facilitate dissemination of information under the provisions of the Right to Information Act, 2005, Department of Revenue has initiated the following action:

(i) The RTI Cell is in operation in DOR to collect, transfer the applications under the RTI Act, 2005 to the Central Public Information Officers/ Appellate Authorities/ Public Authorities concerned and to submit the quarterly returns regarding receipt and disposal of the RTI Applications/ Appeals to the Central Information Commission.

(ii) The Department has proactively disclosed information as per section 4(1) (b) of the RTI Act on the Department's website (https://dor.gov.in/rti/proactive-disclosure-under-section-41-b-rti-act-2005) Details of the Department's functions along with its functionaries etc. and the directory of officers have been placed on the Department's official website. RTI Application/ Appeals along with their reply have been proactively disclosed and uploaded on the Department's website.

(iii) The list of Central Public Information Officers and Appellate Authorities is updated and uploaded from time to time on the Department of Revenue's website for facilitation of the viewer and RTI applicants. To facilitate the receipt of applications under the RTI Act, 2005 a provision has been made to receive the applications at the RTI Cell, Department of Revenue, Room No. B-31, North Block, New Delhi-01. The Applications thus received are further forwarded to the CPIOs/ Public Authorities concerned.

(iv) The RTI Application can be filed online through www.rtionline.gov.in. The RTI Applicant can check the status of their RTI Application through the website.

(v) The Joint Secretary, Department of Revenue has been nominated as the Nodal Officer for ensuring compliance with the proactive disclosure guidelines under Section 4 of the RTI Act and proper monitoring & coordination with the Training Institute as well as Central Information Commission for carrying out sample audit in Department of Revenue, Ministry of Finance.

(vi) The National Institute of Public Finance and Policy (NIPFP) has been assigned the task for conducting the third party audit of the Department's proactive disclosure package.

(vii) The following chart indicates the number of RTI Application and Appeals received in the financial year 2019-20 up to 30.09.2019:

RTI Application/ Appeal type	No. of Applications received during the year 2019-20 including cases transferred to other PAs	No. of Cases transferred to other PAs u/s 6(3) + returned to the Applicant	Decisions where request rejected	Decisions where requests/ appeals replied
Offline RTI Application	331	180	14	173
Offline Appeals	42	NA	20	16
Online RTI Application	2498	2203	0	235
Online Appeals	69	NA	31	11

Total Registration fee collected u/s 7(1)	Rs. 1410/-
Total Additional fee collected u/s 7(3)	Rs. 3865/-

7.2 Central Board of Indirect Taxes and Customs (CBIC):

i. CBIC is implementing the provisions of Right to Information Act, 2005 since its enforcement. In the Headquarters office, there are 33 CPIOs, one CPIO for each of the section. The no. of applications received, applications rejected and requests accepted by the CPIOs in CBIC during the year 2019-20 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
30.06.2019	839	286	14	601
30.09.2019	803	220	33	684

*includes applications filed online only.

ii. There are 23 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 CBIC during the year 2019-20 are given below:

Quarter ending on	No. of appeals received during the quarter	No. of appeals rejected	No. of appeals accepted
30.06.2019	75	2	63
30.09.2019	47	10	40

iii. 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.)
30.06.2019	850	8781
30.09.2019	680	9095

iv. The fee is excluding the amount of fee received for submitting applications online on the RTI portal.

v. 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 CBIC. 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, CBIC has received 1642 applications from April, 2019 to September, 2019.

vi. At present, the facility for transferring the applications received on the RTI portal is limited to the CPIOs in the Board and 51 CCs/DGs of CBIC. Hence, applications pertaining to the remaining field formations are transferred manually with the direction provide information directly to the citizen.

vii. 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. CBIC has received 122 appeals from April, 2019 to September, 2019.

7.3 Narcotics Control Division:

Various provisions of Right of Information Act, 2005 have been implemented in the Central Bureau of narcotics in the year 2005. Unit -wise information of CBIO's and First Appellate Authorities appointed at present is as follow:

S. No.		Headquarters	MP Unit	Raj. Unit	UP Unit
1	CPIO	1	17	8	2
2	FAA	1	1	1	1

Further, it is to apprise that the application received under RTI section are dealt with the RTI Act and are disposed of in the time limit. Detailed functions and various aspects of the work done by the Department are also available on CBN website http://www/cbn.nic.in

7.4 Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

The Public Information Officer and the Appellate Authority have been nominated by the Public Authority in all Benches of the Tribunal and they are acting in accordance to the provisions of the Right to Information Act, 2005, in dispensing the information. All RTI applications and orders including orders of the Appellate Authority are uploaded on the website.

7.5 Income Tax Settlement Commission

The Settlement Commission is very sensitive to the implementation of the RTI Act, 2005. In the all seven Benches including Principal at New Delhi. The JDI/ADI and Administrative Officer has been designated as CPIO under the said Act. The Secretary and Director of Income Tax (Investigation) who is equivalent to the Joint Secretary to the Government of India in each Bench has been designated as Appellate Authority under the said Act.

7.6 Financial Intelligence Unit – India

Number of RTI applications received, disposed of and denied during the Year 2019-2020 (Upto to 30th Nov, 2019)

Year	Received	Disposed Off		Remarks
		Transferred	Denied	
2019-2020	**52**	**27**	**24**	**Pending 1***

*One RTI received online on 27-11-2019 is outstanding on 30th Nov 2019

Note: FIU-IND has been included in the Second Schedule of Right to Information Act, 2005 vide Department of Personnel & Training notification dated 28.09.2005 and therefore under Section 24(1) of the Right to Information Act, 2005, is exempt from the operation of this Act, except for the information pertaining to the allegation of corruption and human right violation.

8. E-governance activities

8.1 Central Board of Indirect Taxes and Customs (CBIC)

8.1.1 E-governance measures under Customs

8.1.1.1 ***ICEDASH (Indian Customs EDI Dashboard)*** is an extremely handy, user friendly, informative Dashboard which is automatically populated to indicate the Customs station-wise performance in regard to time taken for clearance of imports. This is mapped against the target time to enable the field formations to monitor on real time basis whether or not their performance is below par and take remedial steps, whenever needed. It also enables the comparison across similarly placed Customs stations. ICEDASH also shows the progress made in the last one month for each Customs station. Thus, it is a powerful tool for real time monitoring of import clearances. Further, it uses the colour coding like Green for clearances where time is less than 36 hours, red for clearances taking more than 72 hours and amber for time in between two extremes. This tool has actually altered the behaviour of the officers as they are now aware that their performance is being monitored by higher authorities. This reform is resulting in behavioural changes of the customs officers and it was introduced on International Customs Day in January 2019.

8.1.1.2 ***e-SANCHIT*** The Single Window Interface for Facilitation of Trade (SWIFT) was initiated as part of the "Ease of Doing Business" initiatives to facilitate Trading Across Borders in India. The objective of the project is to allow importers and exporters a facility to lodge their clearance documents online at a single point without/ with minimal interface with regulatory authorities. One of the key initiative to facilitate online clearance at a single point, is paperless processing application i.e. e-SANCHIT. E-SANCHIT is an online application that allows a trader to submit all supporting documents for clearance of consignments electronically with digital signatures. By using eSANCHIT, trader does not have to approach to different regulatory agencies with hard copy of the documents thereby making the entire process of consignment clearance faceless and paperless. After implementing a successful pilot in October, 2017, e-SANCHIT was made mandatory on import side from 1st April, 2018 at all the Customs EDI locations in the country. From 2019, measures were initiated wherein more number of PGAs(Participating Government Agencies) have also been brought on the e-sanchit platform. The department has even taken measures for automatic registration of the PGAs in the system. Further e-sanchit is now being revamped from December 2019 by way of introducing unique document codes in the customs system which futher enables more efficient customs administration. With eSANCHIT facility the need for paper documentation and consequent physical touch point for every stage of clearance has drastically come down. It has resulted in substantial reduction in time and cost.

8.1.1.3 ***Special Grievance Cells for MSMEs*** Special cells to address grievances of the Micro Small Medium Enterprises sector has been initiated in Chennai and JNCH Customs formations. These cells look into issues of delayed clearances, pending refund applications etc. The services provided will be examined and will be asked to be replicated in other customs formations.

8.1.1.4 ***Turant Customs*** In line with the drive to improve India's standing in the Ease of Doing Business index, the department has launched several new measures under the umbrella of Turant Customs, for which a circular was issued in March 2019. Reforms have been made in customs procedures wherein goods can be given faster clearances by new initiatives such as automated queuing of bills of entry before customs officers which now does away with the need for the trade to come forward physically for clearance of goods. Other initiatives such as virtual assessment under the umbrella of turant customs are also being introduced on pilot basis.

8.1.1.5 ***Creation of new tariff lines in Finance Act (02) of 2019*** A high level Working Committee was formed in February 2019 to look into the requirements of trade, ministries, associations, export promotion councils for creation of new tariff lines. Consultations were carried out based on their recommendations and the issues were examined. Resultantly, around 300 new tariff lines were created in the Budget. Apart from above, the Customs Tariff was also streamlined and synchronized on the lines of HS.

8.1.1.6 A streamlined scheme has been launched for promoting **'Make in India'** by allowing **manufacturing in Customs Bonded Warehouse** with single point approval, digital account keeping and simplified compliance requirements.

The objective is to give an impetus to the 'Make in India' policy of the government through a scheme under Section 65 of the Customs Act, 1962(hereinafter referred to as 'the Act'). Section 65 of the Act enables conduct of manufacture and other operations in a Customs-bonded warehouse. For this, Manufacture and other Operations in Warehouse Regulations 2019 and Circular 34/2019-Customs dated 1st October 2019 issued by CBIC provide clarity on process, taxability and documentation requirements for units operating under Section 65 of the Act. The scheme is streamlined with clear and transparent procedures, documentation and compliance requirements. The main features of the scheme are as below -

(i) A Single application cum approval form has been prescribed for uniformity of practice and certainty of outcomes. There shall also be a single point of approval to set up and oversee the operation of such units, Viz., the jurisdictional Commissioner of Customs.

(ii) There shall be no geographical limitation on where such units can be set up.

(iii) The scheme would also enable efficient capacity utilization, as there is no limit on quantum of clearances that can be exported or cleared to the domestic market.

(iv) A single digital account has been prescribed for ease of doing business and easy compliance.

This will play a critical role in promoting investments into India and enhancing ease of doing business.

8.1.2 E-governance measures under Anti-Smuggling Unit

Single Window Project:

- **eSANCHIT in Exports:** Single Window implemented eSANCHIT in exports to all EDI locations vide circular no. 43/2018 –Cus dated 08.11.2018. Exports can upload the required supporting documents on eSANCHIT at the time of filing Integrated Declaration for export of goods. The process would eliminate the requirement of exporters submission the physical copy of these documents to Customs and the officers of PGAs. It will reduce the dwell time and cost of shipment.

- **PGA eSANCHIT:** Single Window implemented PGA eSANCHIT on 16.11.2018 whereunder all the PGAs would upload the license/permit/certificate/other authorization (LPCOs) on eSANCHIT. An IRN generated for the LPCOs would be communicated to the beneficiaries (IEC holder) who can use the said IRN for making the LPCO available to the Customs for clearance of goods. This would eliminate physical interface between PGA, Customs and the beneficiaries. It will reduce the dwell time and cost of shipment. As of now, 47 out of 53 PGAs are registered on ICEGATE for using eSANCHIT. These PGAs have been enabled for uploading the LPCOs on eSANCHIT. Matter is under constant persecution with remaining 6 PGAs for them to register on ICEGATE.

- **New dashboard for eSANCHIT:** A new dashboard for eSANCHIT has been developed using which the PGAs can upload the LPCOs on eSANCHIT in bulk and with much ease. It allows to upload 10 LPCOs of different type and pertaining to different beneficiaries at a time.

- **Application Programme Interface (API):** For the PGAs which have their own system for issuing LPCOs, API is being developed, wherein, the PDF document would be automatically uploaded on eSANCHIT from their system by connecting to CBIC's API Interface. There would be two types of APIs:

  (i) Read API: for fetching supporting documents from eSanchit by PGAs. In this, PGAs would be in a position to fetch the documents uploaded by them from eSanchit. A facility will also be developed where PGAs like FSSAI and PQ would be able to access documents uploaded by other users (IEC holders) for scrutiny as a part of SWIFT.

  (ii) Write API: for posting documents to eSanchit by PGAs. In this, PGAs would be given functionality to post the LPCOs to eSanchit for document codes pertaining to those PGAs.

  Further in next phase, LPCOs, which need debit/credit will be identified for integration of data transfers.

- **Compliance Information Portal:** Under Single Window Project, a single web-based source is being developed which will project all import/export clearance related procedural steps, duties, fees and charges of any commodity related to Customs and other Regulatory Agencies/Ministries on a single platform for both Trade and Officers. The CTH mapped compliance information / database for import has been populated in the backend database with the help of NIC for all Chapters of ITC (HS). Beta version of CIP has been launched. Final version of CIP is expected to be launched in January, 2020.

8.1.3 E-governance initiatives under Drawback Division:

To promote paperless transactions and improve delivery of public services, printing of physical copies of Advance Authorisations/Export Promotion Capital Goods (EPCG) Authorisations issued for EDI ports as port of registration had been discontinued with effect from 01.03.2019. In this regard, Circular No. 07/2019-Cus dated 21.02.2019 had been issued. Thereafter, to further enhance ease of doing business, physical copies of MEIS/SEIS duty credit scrips have also been phased out for authorisations issued for EDI ports with effect from 10.04.2019 vide Circular No. 11/2019-Cus dated 09.04.2019.

8.1.4 E-governance initiatives under Directorate General of Human Resource Development (DGHRD)

(i) Implementation of SPARROW CBIC (Smart Performance Appraisal Report Recording Online) for Group 'B' and 'C' Officers & staff: Central Board Of Indirect Taxes & Customs (CBIC) became the first Central Government Department to implement SPARROW on a large scale for Group 'B and 'C' cadres for recording of

Annual Performance Appraisal Report and (APAR) and Immovable Property Return (IPR) for around 50,000 personnel. In addition to promoting digitisation and reduce of paper work it is going to help immensely in timely filing of APAR and improved cadre management across the country. For smooth implementation of the same, dedicated e-mails, help-lines are also provided for officers. Further, trainings were also given to Master Trainers in the Zones for smooth implementation and approachable grievance redressal within the Zones.

(ii) Bhavishya Software for Pensioners related Work: Bhavishya On-line pension tracking system to enable a retiring employee to keep himself informed about the progress of his pension process case through SMS or e-mail was initiated by the government. Under this 1290 DDOs got registered till 25.11.2019 on BHAVISHYA Portal. The process of bringing on-board the remaining unregistered DDOs is underway.

8.2 Narcotics Control Division:

8.2.1 Central Bureau of Narcotics (CBN)

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 Weighment centres was also successfully carried out. Payment to cultivators made through e-payment from the crop year 2012-2013 continuously.

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 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, Narcotics Drugs and Precursor chemicals can be downloaded from the CBN website: www.cbn.nic.in. The opium cultivation data from 1998-99 has also been uploaded on the CBN website: www.cbn.nic.in

8.2.2 Chief Controller of Factories (CCF)

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. through internet. Placing of various other information for information of the concerned authorities have also been taken up and likely to be provided soon through internet. Placing of various other information of the concerned authorities have also been taken up. The organization purchase goods & services through GeM ad tendering through e-procurement portal.

8.3 Income Tax Settlement Commission

This Commission has its own official website i.e. itscindia.gov.in. All the officers and staff members have been provided the personal computers. Salary and other dues are being paid to the officers of the Commission thorough e-transfer system.

8.4 Enforcement Directorate:

The initiatives taken by the Enforcement Directorate for e-Governance in the recent past are summarized below:

(a) Enforcement Directorate, Headquarters office and Zonal offices have their own LAN which is connected to NICNET, WAN, Enforcement Directorate HQ and Zonal offices are using the office automation tools like Microsoft Office to accomplish the day to day activities like preparing letter, excel sheet and graphs.

(b) All the payments like salaries, reimbursements, payment to vendors etc. are being paid through Public Finance Management System (PFMS).

(c) An Employee Information System (EIS) has been initiated which 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, next date of promotion and post, information of sanctioned post, working post and vacant post at the Directorate and its subordinate offices.

(d) An Expenditure Monitoring System (EMS) has been developed to capture the details of budget estimates, budget allocation and monthly expenditure by the various offices of the directorate.

(e) To automate day to day activities of store 'E-Purti' store management software application was tailored as per the need of the stores. After modification and testing of the application it was made available to users on 1st April, 2019. Procurement via Gem (Government E Marketplace) is also incorporated. Now the issue of items to officers and staff in Enforcement Directorate Headquarters is via E Purti.

(f) FTS (File Tracking System) has been reconfigured to meet the requirement of the Directorate. A new instance of data base and application has been created on the existing server.

8.5 Financial Intelligence Unit – India (FIU-IND)

8.5.1 Aim and Objectives

8.5.1.1 Objectives of FINnet 2.0 Project

The key objective of the FINnet 2.0 project is to drive a technology led transformation of the FINnet ecosystem. This will encompass redevelopment and revamp of the FINnet application (FINGate, FINCore and FINex). The project also includes redesigning of processes to improve compliance and strengthen the strategic and tactical wings of FIU-IND

8.5.1.2 Road Ahead

The following table describes the transformation of FINnet at a high level as envisaged on the present day:

Factor	Envisaged state (FINnet 2.0)
Facilitate ease of reporting through revamp of mode of reporting	➢ Reporting format rationalization ➢ Simplified reporting utilities for REs ➢ Automatic reporting through API based integration with RE's database(s) ➢ E-filing through web forms
Processing speed and improvement in accuracy and consistency of linkages and relationships	➢ Advanced validations through integration with external databases ➢ Machine learning to be implemented to improve the accuracy of linkages
Accurate targeting of cases	➢ Machine learning enabled recipient LEA selection to reduce manual intervention ➢ System learns from the past actions of FIU users
Enhanced case creation, analysis and risk scoring	➢ Case inspector tool for LEAs to configure views and templates for case download ➢ Enable LEAs to select attributes for download ➢ Multiple formats for case dissemination ➢ Enable ad hoc dissemination through dynamic risk scoring of suspected entities and creation of watch lists.
Streamlined communication between the FIU-IND and REs/LEAs	➢ Secure mobile eco-system for FINnet users ➢ Seamless and real time information sharing between entities ➢ Comprehensive notification framework (email, mobile, text messages)
Continuous handholding of user groups	➢ The envisaged system shall monitor the compliance for all REs on a continuous basis and organise trainings and workshops for continuous handholding of REs. ➢ Unified communication cell to address grievances and issues advisories as and when needed (Dedicated call centre for all user groups)
Set up of a dedicated strategic analysis cell	➢ Formulation of Red Flag Indicators (RFIs) ➢ Institutional learning and best practices ➢ Identification of new data sources for integration ➢ Assessment of technological capabilities
Technology	➢ Complete technology refresh is envisioned ➢ Near real time data exchange – API based integration

8.5.2 Target Beneficiaries

The success of a project can only be judged by the benefits it confers on the various stakeholders. The following table summarizes the expected benefits of the Project.

8.5.2.1 Stakeholders Envisaged Benefits

The success of a project can only be judged by the benefits it confers on the various stakeholders. The following table summarizes the expected benefits of the Project.

8.5.2.2 Stakeholders Envisaged Benefits

Financial Intelligence Unit	Adoption of global best practices and procedures for operational transformation led by technology ➢ Enhanced and improved validations on the input reports ➢ Capability to handle increased workload ➢ Advanced analysis powered by best in class technology ➢ Improved compliance and continuous handholding ➢ Better utilization of Government resources in areas of value-added services, on account of outsourcing of non-core activities
User groups (REs and FIU analysts and approvers)	➢ Uniform and well-defined processes ➢ Additional data sources for continuous learning and awareness ➢ Trainings for requisite skill enhancement ➢ Improved employee skills and domain expertise due to increased focus on core activities
LEAs	➢ Quick and speedy dissemination of relevant cases ➢ Better turnaround time for ad hoc requests ➢ Better usability and configurability of LEA facing functionalities ➢ Seamless, Omni channel communication framework for all interactions

8.5.2.3 Benefits

The following are the cost benefits envisaged –

i. **Early detection, containment and investigation of money laundering cases**

The envisaged system shall allow the FIU-IND to conduct faster processing of reports and generation of cases, thereby reducing the lead time between reporting and dissemination of cases.

ii. **Increased focus on strategic analysis**

FIU-IND is built on three pillars namely – Strategic, operational and tactical analysis. The operations tasks can be taken care of by technology to a great extent. This would provide bandwidth to focus on strategic and tactical initiatives if FIU-IND. New typologies can be devised, frequent review of red flags can be done and new sectors can be identified to combat money laundering and terrorist financing in the nation.

9. Swachh Bharat Campaign

Department of Revenue undertook several steps as a part of Swachh Bharat Campaign initiated by Government of India on the occasion of 150th Anniversary of Mahatma Gandhi. Under Swachhta Action Plan (SAP) 2019-20, various activities were undertaken by the Department, viz. Swachhta Hi Sewa campaign from 11.09.2019 to 02.10.2019 comprising of various activities including Swachhta pledge by Hon'ble Finance Minister, Plastic waste shramdaan, Essay writing/ slogan writing/ cartoon competition on the theme Swachhata (Plastic waste management) and 31 Activity documents & various images have been uploaded on the web portal of the Ministry of Drinking Water and Sanitation. During SAP 2019-20, the Department put ban on use of single-use plastic items viz. PET water bottles, Plastics cups, plastic folders, plastic glasses, Polythene, etc. in office premises and introduced use of Glass jugs/glass tumblers/ recyclable paper folders in the office premises. The Department has been monitoring the implementation of Swachhta Action Plan of all field formations of Central

Board of Direct Taxes (CBDT) and Central Board of Indirect taxes and Custom (CBIC). During 2019-20, to encourage cleanliness in the office complexes, awareness drives for maintaining cleanliness with the participation of the officers and employees were done in this Department. In addition to the routine cleaning, sweeping/ mopping of floors, cleaning of corridors including staircases and all the rooms/ halls were undertaken during cleaning activities which also included cleaning of toilets and adjoining areas using disinfectants with necessary provisioning of soap, toilet paper, hand dryer, dustbins and necessary items. Collection of all obsolete and equipment and removal thereof, viz. newspapers/ magazines, e-waste viz., old computers & peripherals through e-waste auction and general waste through normal auction, disposal of old cars/ vehicles after following due procedure under provisions of GFR, 2017. Renovation work to create better working ambience has been done in several rooms keeping in view optimization of office space. Weeding/ recording drive was also undertaken and simultaneously digitization/ scanning of old records/ files was carried out through a hired private company targeting optimization of office space. Total Budget of Rs. 8600 lakhs were allocated under Swachh Bharat Campaign and Rs. 3935.61 lakhs have been incurred till November, 2019.

Central Board of Direct Taxes (CBDT):

Under the Swachh Bharat Abhiyan of Government of India, all the field offices of Income Tax Department are regularly being advised to motivate their subordinate offices to create competitive feeling among themselves through implementation of the various activities mentioned in SAP 2019-20. Swachhata Pakhwada from 11.09.2019 to 02.10.2019 was observed with full zeal and enthusiasm in various offices of Income Tax Department with the campaign initiated as Swachhata Hi Sewa (SHS). Emphasis was given on ban on use of single use plastic items. Compliance reports are being obtained from various field offices regularly and all the field offices have taken initiatives towards Cleanliness and beautification of surroundings, creating Swachhata Awareness at local level/ display and banner/ foster healthy competitions.

Central Board of Indirect Taxes and Customs (CBIC):

Under the SAP 2019-20, various field offices of CBIC have undertaken various activities for Green and Clean Belt like Waste Collection drive, installation of Composting machines, rain water harvesting system, supply of dustbins and other sanitary items to Cancer Institute, Plantation of fallow land, planting saplings for fresh air and greenery, setting up of vertical garden in GST office for clean and fresh air, installed oxygen chamber for clean and fresh air to breathe, installation of sprinklers, uprooting of wild bushes for Clean habitations/ clean Factories/ PHC/ CHC/ Hospitals, awareness drive about Solid Waste Management, conducted Swachhta Rally for creating awareness regarding Ban of Single use plastic in office premises.

Annexure - I

Representation of SCs/STs/OBCs

Organization: Central Board of Indirect Taxes amd Customs (CBIC)

Group	Number of Employees					Number of appointments made during the Calendar year 2018									
						By Direct Recruitment				By Promotion			By Other Methods		
	Total strength	Working Strength	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	16
Group A	6217	3889	422	213	472	1889	278	137	429	2000	144	76	0	0	0
Group B	54244	32270	5586	2441	5045	824	113	30	195	1234	342	167	0	0	0
Group C	26342	10620	2540	744	1786	592	91	38	174	487	127	13	0	0	0
Total	**86803**	**46779**	**8548**	**3398**	**7303**	**3305**	**482**	**205**	**798**	**3721**	**613**	**256**	**0**	**0**	**0**

Annexure - I

Organization: Central Board of Direct Taxes (CBDT)

Group	Number of Employees				Number of appointments made up to 31.03.2019										
					By Direct Recruitment				By Promotion			By Other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	OBCs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
IRS (IT) Group A	4356	697	393	597	65*	10	5	17	70	18	6	N.A.	N.A.	N.A.	N.A.
Group B	2869	638	201	482	3	1	0	1	243	70	10	1	0	0	1
Group C	32331	6069	2119	6411	1194	190	100	383	1390	279	45	205	57	9	45
Total	**39556**	**7404**	**2713**	**7490**	**1262**	**201**	**105**	**401**	**1703**	**367**	**61**	**206**	**57**	**9**	**46**

*Appointment made in the year 2019. The IRS (IT) Group "A" officers are undergoing in the training institution and not included in the column 2 to 5 above

Annexure - I

Organization: Revenue Head Quarter

Group	Number of Employees				Number of appointments made up to 31.03.2019									
					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	41	8	2	-	-	-	-	-	41	8	2	-	-	-
Group B	314	50	43	40	-	-	-	-	50	9	-	6	-	-
Group C	305	20	8	28	-	-	-	-	-	2	1	-	-	-
Total	**660**	**78**	**53**	**68**	-	-	-	-	91	19	3	6	-	-

Organization: Financial Intelligence Unit (FIU-IND)

Groups	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By Other Methods (on deputation)			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Group A	20*	04	-	01	-	-	-	-	-	-	-	-	01	-	-	-
Group B	03	-	-	01	-	-	-	-	-	-	-	-	01	-	-	-
Group C	07	02	-	02	02	-	-	01	-	-	-	-	-	-	-	-
Total	**30**	**06**	**-**	**04**	**02**	**-**	**-**	**01**	**-**	**-**	**-**	**-**	**02**	**-**	**-**	**-**

* FIU-IND is having a sanctioned strength of 42 Group 'A' Officers out of these 42 Group 'A' posts, 10 Group 'A' posts are encadered with NIC, against which posting of the incumbents are made by NIC cadre. Out of the remaining 32 posts, 20 posts are filled as on 30.11.2019.

Note: The mode of appointment is deputation only except for posts of 06 MTS (Group 'C')

Annexure - I

Organization: The Appellate Tribunal under SAFEMA

Groups	Number of Employees				Number of appointments made during the 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	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	13	5	2	-	-	-	-	-	-	-	-	-	-	-
Total	18	5	2	-	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Competent Authority for Forfeiture of illegally Acquired Property

Groups	Number of Employees				Number of appointments made during the 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	8	1	-	1	-	-	-	-	-	-	-	-	-	-
Group B	10	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	22	4	1	2	-	-	-	-	-	-	-	-	-	-
Total	**40**	**5**	**1**	**3**	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

Groups	Number of Employees				Number of appointments made during the 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	4	1	1	2	-	-	-	-	-	-	-	-	-	-
Group B	33	16	4	13	0	0	-	0	-	-	-	-	-	-
Group C	98	37	8	53	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Customs & Central Excise Settlement Commission

Groups	Number of Employees				Number of appointments made during the calendar year										
					By direct recruitment				By promotion			By other methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	OBCs
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**
Group A	12	1	0	0	2	0	0	0	1	0	0	1	0	0	0
Group B	6	1	0	1	0	0	0	0	0	0	0	3	0	0	1
Group C	12	2	0	2	0	0	0	0	0	0	0	0	0	0	0
Total	**30**	**4**	**0**	**3**	**2**	**0**	**0**	**0**	**1**	**0**	**0**	**4**	**0**	**0**	**1**

Annexure - I

Organization: Central Bureau of Narcotics

Groups	Number of Employees as on 01.01.2019				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Totals	SCs	STs	OBCs	Totals	SCs	STs	OBCs	Totals	SCs	STs	Totals	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	10	2	0	1	-	-	-	-	-	-	-	-	-	-
Group B	215	25	13	13	0	0	0	0	2	1	0	0	0	0
Group C	274	38	26	45	0	0	0	0	0	0	0	0	0	0
Total	**499**	**65**	**39**	**59**	**0**	**0**	**0**	**0**	**2**	**1**	**0**	**0**	**0**	**0**

Organization: Directorate of Enforcement

Groups	Number of Employees (As on 30.11.2018				Number of appointments made during the previous calendar year 2018									
					By Direct Recruitment				By promotion			By 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*
Group A	314	24	06	19	04	01	00	01	-	-	-	27	-	-
Group B	496	48	26	61	-	-	-	-	-	-	-	60	-	-
Group C	396	41	07	49	12*	00	02	03	-	-	-	69	-	-
TOTAL	**1206**	**113**	**39**	**129**	**16**	**01**	**02**	**04**	**-**	**-**	**-**	**156**	**-**	**-**

* One candidate of unreserved category has taken Technical resignation in Sep, 2019.

Annexure - I

Organization: National Institute of Public Finance and Policy

Group	Number of Employees As on 31.3.2019				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	34	1	-	4	3	-	-	-	-	-	-	-	-	-
Group B	14	-	-	1	-	-	-	-	-	-	-	-	-	-
Group C	23	4	-	5	-	-	-	-	-	-	-	-	-	-
Total	**71**	**5**	**-**	**10**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure - I

Organization: Central Economic Intelligence Bureau

Group	Number of Employees As on 31.3.2019				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	16	3	1	1	-	-	-	-	-	-	-	-	-	-
Group B	27	3	2	6	-	-	-	-	-	-	-	-	-	-
Group C	21	7	2	1	-	-	-	-	-	-	-	-	-	-
Total	**64**	**13**	**5**	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure - I

Organization: Authority for Advance Rulings

	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
Group	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
A	04	-	-	-	-	-	-	-	-	-	-	-	-	-
B	10	-	-	01	-	-	-	-	-	-	-	-	-	-
C	18	07	01	02	-	-	-	-	-	-	-	-	-	-
TOTAL	**32**	**07**	**01**	**03**	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Income Tax Settlement Commission

Group	Number of Employees As on 31.3.2019				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	43	5	-	-	-	-	-	-	-	-	-	-	-	-
Group B	60	6	4	5	-	-	-	-	-	-	-	1*	-	-
Group C	101	13	4	18	-	3	-	6	1	-	-	-	-	-
Total	**204**	**24**	**8**	**23**	**-**	**3**	**-**	**6**	**1**	**-**	**-**	**1***	**-**	**-**

* By deputation

Annexure - II

REPRESENTATION OF THE PERSONS WITH DIABILITIES

Organization: Central Board of Indirect Taxes and Customs (CBIC)

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'	3889	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	33967	31	119	402	12	47	51	709	1	15	16	0	1	1	387	0	1	6
'C'	11188	37	34	69	39	61	57	248	3	5	10	0	8	7	128	0	0	0
Total	**49044**	**68**	**153**	**471**	**51**	**108**	**108**	**957**	**4**	**20**	**26**	**0**	**9**	**8**	**515**	**0**	**1**	**6**

Annexure -II

Organization: Central Board of Direct Taxes (CBDT)

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
IRS (IT) Group 'A'	4356	4	19	62	0	1	1	2*	0	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
'B'	2869	5	1	44	5	5	5	1	0	0	0	4	4	5	129	0	0	4
'C'	32331	132	133	599	105	122	139	220	10	5	15	39	39	57	475	11	8	26
Total	**39556**	**141**	**153**	**705**	**110**	**128**	**145**	**223**	**10**	**6**	**16**	**43**	**43**	**62**	**604**	**11**	**8**	**30**

*Appointment made in the year 2019. The IRS (IT) Group "A" officers are undergoing in the training institution, not included in the column 2 to 5 above.

Annexure -II

Organization: Revenue Head Quarter

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’	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘B’	314	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘C’	305	1		2	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure - II

Organization: The Appellate Tribunal under SAFEMA

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'	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**18**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note :
(i) VH stands for Visually Handicapped (persons sufferening from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons sufferening from hearning impairment)
(iii) OH stands for Orthopedically Handicapped (persons sufferening from locomotors disability or cerebal palsy)

Annexure -II

Organization: Competent Authority for Forfeiture of Illegally 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'	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**40**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note :
(i) VH stands for Visually Handicapped (persons sufferening from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons sufferening from hearning impairment)
(iii) OH stands for Orthopedically Handicapped (persons sufferening from locomotors disability or cerebal palsy)

Annexure -II

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	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'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note :

(i) VH stands for Visually Handicapped (persons sufferening from blindness or low vision)

(ii) HH stands for Hearing Handicapped (persons sufferening from hearning impairment)

(iii) OH stands for Orthopedically Handicapped (persons sufferening from locomotors disability or cerebal palsy)

Annexure - II

Organization: Customs & Central Excise Settlement Commission

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'	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure - II

Organization: Central Bureau of Narcotics

Group	Number of employees as on 01.01.2019				DIRECT RECRUITMENT							PROMOTION						
					No of vacancies reserved			No. of appointment made				No. of vacancies			No. of appointment 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'	10	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	215	0	0	0	1	0	0	0	0	0	0	0	0	0	2	0	0	0
'C'	274	1	1	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	499	1	1	6	1	0	0	0	0	0	0	0	0	0	2	0	0	0

Annexure -II

Organization: Directorate of Enforcement

Group	Number of Employees (As on 31.03.2018)				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of Appointment Made				No. of vacancies reserved			No. of Appointment 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'	314	-	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-
'B'	496	-	-	01	-	01	01	-	-	-	-	-	-	-	-	-	-	-
'C'	396	-	-	03	01	02	02	01	-	-	01*	-	-	-	-	-	-	-
Total	**1206**	**-**	**-**	**04**	**01**	**03**	**04**	**01**	**-**	**-**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note:
* One Vacancy filled from VH quota inter se exchange.

Annexure -II

Organization: Central Economic Intelligence Bureau

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
'A'	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**64**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note :

(i) VH stands for Visually Handicapped (persons sufferening from blindness or low vision)

(ii) HH stands for Hearing Handicapped (persons sufferening from hearning impairment)

(iii) OH stands for Orthopedically Handicapped (persons sufferening from locomotors disability or cerebal palsy)

Annexure -II

Organization: Authority for Advance Rulings

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
'A'	09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**37**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure -II

Organization: Income Tax Settlement Commission

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'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	**2**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note :
(i) VH stands for Visually Handicapped (persons sufferening from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons sufferening from hearning impairment)
(iii) OH stands for Orthopedically Handicapped (persons sufferening from locomotors disability or cerebal palsy)

Annexure - III

Summary of important observations included in Audit Reports presented to Parliament during 2018

I. Central Board of Indirect Taxes and Customs (CBIC)

During the financial year 2019 -2020, three (03) review paras and 294 Audit paras were received with two Audit Reports (Report No. 4 of 2019 & 11 of 2019) in respect of Central Excise, Service Tax & GST received from C&AG Office. 57 Draft Audit paras were received in the Ministry from C&AG Office. No Draft Review para has been received. Out of 294 Audit paragraphs in Report No. 4 of 2019 and paragraphs in Report No. 11 of 2019, the Ministry's comments and replies on 265 audit paras and 11 review paras' 1st ATN were forwarded to C&AG till 24.12.2019.

The vetting comments on "Levy and Collection of ST on Works Contracts"; on "Commercial Training & Coaching Service" and "VCES, 2013 (22 of 2016)" were received on 26.7.2019, 26.7.2019 and 28.5.2019 respectively. The replies are being processed.

Further, after finalization of ATN/settled by C&AG, the same is being regularly uploaded in the APMS portal of Monitoring Cell during the year on the direction of Committee of Secretaries (CoS).

Summary of the work done by PAC is given below :

Details	Work done by the PAC Section (Central Excise, Service Tax & GST)
Oral Evidence attended	NIL
PAC Visits	Study visit held on 16.9.19 to 18.9.19 in to Kolkata and Bhubaneshwar
Details Background Notes	Details Background Notes were prepared on paras 3.5.4.2, 3.5.5 of Chapter III and paras 4.5.3, 4.5.5 of Chapter IV of the report 4 of 2019.
1st ATN sent to Audit	Audit Report No. 4 of 2019 - Chapter III Audit Report No. 4 of 2019 - Chapter V & VI Audit Report No. 11 of 2019 - Chapter I, II and IV
Total further comments sent to audit	1. Levy and collection of ST on Works Contracts; 2. Cenvat Credit Scheme; 3. VCES 2013; 4. Recovery of Arrears in ST; 5. Recovery of Arrears in Central Excise; 6. Entertainment Sectors; 7. Tobacco Products; 8. Plastics and Articles; 9. Commercial Training & Coaching Services;
Draft Audit Paras (DAPs)	Out of 57 Draft Audit Paras, replies on 31 DAPs were sent within time limit;
11 Review Paras	1. Levy and collection of ST on Works Contracts; 2. Cenvat Credit Scheme; 3. VCES 2013; 4. Recovery of Arrears in ST; 5. Recovery of Arrears in Central Excise; 6. Entertainment Sectors; 7. Tobacco Products; 8. Plastics and Articles; 9. Commercial Training & Coaching Services; 10. Audit Report No. 4 of 2019 - Chapter III 11. Audit Report No. 4 of 2019 - Chapter IV

II. Central Board of Direct Taxes (CBDT)

General Functioning:

(i) Acknowledging the importance of C&AG and Public Accounts Committee of Parliament in providing checks and balances each observation of the C&AG by way of Draft Paragraphs (DPs) and System Appraisals is thoroughly examined by the Audit & Public Accounts Committee (A&PAC) Section of CBDT. The replies/ comments of the Ministry are compiled in consultation with the field authorities and then furnished to the C&AG and the PAC as the case may be.

(ii) The Performance Audit Reports and draft paras reported by the Comptroller and Auditor General and the report of PAC on the subjects selected by the PAC are examined by A&J Division in the Ministry and Action Taken Notes (ATNs) are prepared and furnished to the C&AG till they are finally settled.

Performance:

(iii) During the year, compliance Report No. 9 of 2019 [Tabled before Parliament on 30/07/2019] having 472 draft paras was dealt. Besides draft paras, there were seven chapters/ long draft paras involving multiple illustrated cases. Initial replies in 446 draft paras as well as chapters were sent and draft ATNs were uploaded in some of the cases and chapters. It may be mentioned here that all 472 draft para cases are in process of settlement to the satisfaction of the C&AG during the year.

(iv) Action Taken Reports in two PAC reports [Report No. 103 and Report No.104] have been sent to PAC and in Report No. 136 is in process for submission of Report.

(v) Internal Audit

A statement of Internal Audit Objections with revenue effect is given below:

Objection raised/ settled & balance pending for the period 01.04.2019 to 31/10/2019:

	Number of objections up to 31/10/2019	Amount (Rs. in Lakh)
Opening Balance as on 01/04/19	31,049	11,41,468
Raised	6,592	2,28,293
Total	**37,641**	**13,69,761**
Settled	5,068	1,78,630
Outstanding	32,573	11,91,630

(vi) SAC meeting and zonal matters:

The SAC meetings have been held regularly under the chairmanship of the Additional Secretary (Revenue) for monitoring the settlement of audit paras. All the Zonal matters including complaints/ grievances have been regularly attended with active use of CPGRAMS portal. Grievances received manually/ on emails are also regularly attended to for prompt redressal.

(vii) Summary of important observations included in Audit Reports:

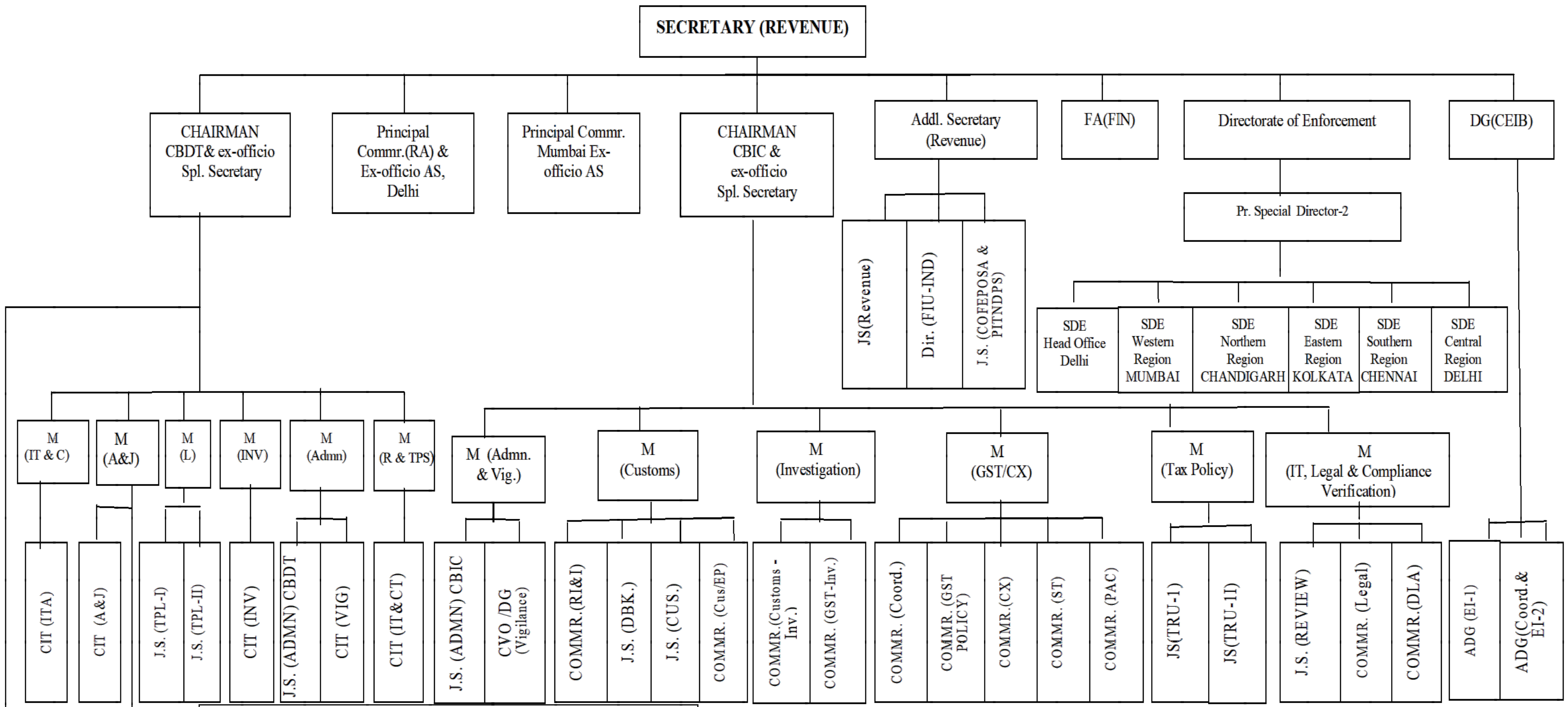
S. No.	Year	No. of Para/ PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/PA reports on which ATNs are pending		
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to the PAC
1.	2013	0	0	0	0
2.	2014	0	0	0	0
3.	2015	0	0	0	0
4.	2016	0	0	0	0
5.	2017	418	0	0	0
6.	2018	33	1	0	0
	Total	451	1	0	0

This data is as on 04/12/2019

III. INTEGRATED FINANCIAL UNIT (IFU)

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
		NIL	**NIL**	**NIL**	

ORGANISATION CHART OF DEPARMENT OF REVENUE



LEGEND

CBDT : Central Board of Direct Taxes
CBIC : Central Board of Indirect Taxes & Customs
M (IT&C) : Member (Income Tax and Computerisation & ex-officio Spl. Secretary)
M (A&J) : Member (Audit & Judicial & ex-officio Spl. Secretary)
M(L)) : Member (Legislation & ex-officio Spl. Secretary)
M (Inv.) : Member (Investigation & ex-officio Spl. Secretary)
M (Admn) : Member (Administration & ex-officio Spl. Secretary)
M(R) : Member (Revenue & ex-officio Spl. Secretary)
M(Admn) : Member(Administration & ex-officio Spl. Secretary)
M (Cus/RI&I & EP) : Member (Customs/Revenue Intelligence and Investigation/Export/Promotion & ex-officio Spl. Secretary)
M(Bgt/GST) : Member(Budget/Goods & Services & ex-officio Spl. Secretary)
M(ST) : Member (Service Tax & ex-officio Spl. Secretary)
M(CX) : Member (Central Excise & ex-officio Spl. Secretary)
M(L&J) : Member(Legal & Judicial & ex-officio Spl. Secretary)
NCPSEW : National Committee for Promotion of Social & Economic Welfare
CVO & DG (VIG) : Chief Vigilance Officer & Director General (Vigilance)
J.S. : Joint Secretary
CIT : Commissioner of Income Tax
COMMR. : Commissioner

LEGEND

SDE :- Special Director Enforcement
TRU: Tax Research Unit
CUS: Customs
DBK: Drawback
ADMN: Administration
TPL: Tax Policy and Legislation
FT&TR: Foreign Tax and Tax Research
FA (FIN): Financial Advisor (Finance)
RA: Revision Application
Rev.: Revenue
JS (COFEPOSA & PITNDPS): Joint Secretary (Conservation of Foreign Exchange & Prevention of Smuggling Activities and Prevention of Illicit Tarrif in Narcotics Drugs and Psychotropic Substances)
DG(CEIB): Director General (Central Economic Intelligence Bureau)
ADG: Additional Director General
PAC: Public Accounts Committee
Enf. : Enforcement.
ITA: Income Tax Assessment
C&S: Coordination and Systems

Attached Offices/ other Bodies of the Deptt. of Revenue (H.Q.)

1. Enforcement Directorate
2. Central Economic Intelligence Bureau
3. Central Bureau of Narcotics
4. Chief Controller of Factories
5. Competent Authorities (SAFEM (FOP) Act & NDPS Act)
6. National Committee for Promotion of Social & Economic Welfare
7. Customs & Central Excise Settlement Commission
8. Income Tax Settlement Commission
9. Appellate Tribunal (under SAFEMA)
10. Customs Excise & Service Tax Appellate Tribunal
11. Authority for Advance Rulings
12. Financial Intelligence Unit-India (FIU-IND)
13. Income Tax Ombudsman
14. National Institute of Public Finance & Policy (NIPFP)
15. Adjudicating Authority under PMLA
16. Indirect Tax Ombudsman

Chapter - IV

Department of Investment and Public Asset Management

I. FUNCTIONS

As per the present Allocation of Business rules, the mandate of the Department is as follows:

1. (a) All matters relating to management of Central Government investments in equity including disinvestment of equity in Central Public Sector Undertakings.

   (b) All matters relating to sale of Central Government equity through offer for sale or private placement or any other mode in the erstwhile Central Public Sector Undertakings.

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 Central Public Sector Undertakings, shall continue to be handled by the administrative Ministry or Department concerned, where necessary, in consultation with the Department of Investment and Public Asset Management (DIPAM).*

2. Decisions on the recommendations of Administrative Ministries, NITI Aayog, etc. for disinvestment including strategic disinvestment.

3. All matters related to Independent External Monitor (s) for disinvestment and public asset management.

4. (a) Decisions in matters relating to Central Public Sector Undertakings for purposes of Government investment in equity like capital restructuring, bonus, dividends, disinvestment of government equity and other related issues.

   (b) Advise the Government in matters of financial restructuring of the Central Public Sector Enterprises and for attracting investment in the said Enterprises through capital market.

5. The Unit Trust of India Act, 1963 (52 of 1963) along with subjects relating to Specified Undertaking of the Unit Trust of India (SUUTI).

II. VISION

(i) Promote people's ownership of Central Public Sector Enterprises (CPSEs) to share in their prosperity through disinvestment.

(ii) Efficient management of public investment in CPSEs for accelerating economic development and augmenting Government's resources for higher expenditure.

III. MISSION

(i) List CPSEs on stock exchanges to promote people's ownership through public participation and improving efficiencies of CPSEs through accountability to its shareholders.

(ii) To bring in operational efficiencies in CPSEs through strategic disinvestment, ensuring their greater contribution to economy.

(iii) Adopt a professional approach for financial management of CPSEs in the national interest and disinvestment aimed at expanding public participation in ownership of CPSEs.

IV. ORGANISATIONAL STRUCTURE

The Department of Investment and Public Asset Management (DIPAM) is currently headed by Shri Tuhin Kanta Pandey, Secretary. He is assisted by one Additional Secretary, three Joint Secretaries and one Economic Adviser. The Department functions on the Desk Officer pattern and the assigned work is handled at the levels of Joint Secretary, Director/Deputy Secretary and Under Secretary.

2. The Organizational Structure of the Department is placed at Appendix -I.

V. POLICY AND APPROACH TO DISINVESTMENT OF CPSEs

Government has changed the mandate of Department of Disinvestment from 'Disinvestment to Investment Management' of CPSEs w.e.f 14.4.2016. Consequently, the name of the Department has been changed to Department of Investment and Public Asset Management (DIPAM). The current disinvestment policy of the Government comprises the following aspects:-

(i) Disinvestment through minority stake sale in listed CPSEs to achieve wider public ownership of CPSE shares and to meet minimum public shareholding norms of 25 % as per SEBI regulations.

While pursuing this objective of disinvestment, the Government will normally retain majority shareholding, i.e. at least 51% and management control of the CPSE. However, Government has recently 'in-principle' approved reduction of GoI equity below 51% in select CPSEs while retaining management control, on a case to case basis taking into account government shareholding and the shareholding of government-controlled institutions.

(ii) Listing of CPSEs to facilitate people's ownership and improve the efficiency of companies through accountability to its stake holders.

(iii) Strategic Disinvestment by way of sale of substantial portion of Government shareholding in identified CPSEs up to 50 per cent or more, along with transfer of management control.

(iv) Efficient management of Government's investment in CPSEs by adopting a comprehensive approach for addressing inter-linked issues such as leveraging of assets to attract fresh investment, capital restructuring, financial restructuring, etc.

(v) Asset Monetization: Idle assets lying with CPSEs (and other organizations) points to economic inefficiency and misallocation of scarce resources that drag down the growth momentum. In order to release such idle assets and make them available for productive use, the Government is actively pursuing Public Asset Management Policy which includes monetization of surplus land and non-core assets through;

- ✓ *Monetization of assets of companies under strategic disinvestment*
- ✓ *Monetization of assets of entities other than those under disinvestment*
- ✓ *Monetization of enemy shares/ lands*

Modes of Disinvestment

The various modes of disinvestment are:

1. Initial/Further Public Offer (IPO/FPO)
2. Exchange Traded Fund
3. Offer for sale (OFS)
4. Buyback of shares
5. Strategic sale of CPSEs including mergers and acquisition of CPSE(s) within public sector space.

1. Initial/Further Public Offer (IPO/FPO)

Public Offer: When an issue / offer of shares or convertible securities is made to new investors for becoming part of shareholders' family of the issuer, it is called a 'public issue'. Public issue can be further classified into Initial public offer (IPO) and Further public offer (FPO). The significant features of each type of public issue are illustrated below:

(i) *Initial public offer (IPO):* When an unlisted company makes either a fresh issue of shares or convertible securities or offers its existing shares or convertible securities for sale or both for the first time to the public, it is called an IPO. This paves way for listing and trading of the issuer's shares or convertible securities on the Stock Exchanges.

(ii) *Further public offer (FPO):* When an already listed company makes either a fresh issue of shares or convertible securities to the public or an offer for sale to the public, it is called a FPO.

<u>Achievements</u> : No listing of CPSEs took place after 2011. The Govt. gave emphasis on listing and approved 18 CPSEs for listing since 2017-18. Further listing of 14 CPSEs could be completed since 2017-18, which yielded an amount of Rs.27,500 crores.

During the current financial year two IPOs namely IRCTC and RVNL were successfully listed yielding Rs.1113.86 crore, while five more CPSEs namely IRFC, KIOCL (FPO), RailTel, WAPCOS and TCIL are in the process of listing (as on 31.12.2019).

2. Buyback of shares

Definition: Buyback is the repurchase by a company of its shares from the existing shareholders that reduces the number of its shares in the open market.

Objectives: Companies buy back their shares for a number of reasons:

(i) To increase the value of shares held by promoters.

(ii) To eliminate any threats by minority shareholders who may be looking for a controlling stake.

(iii) For CPSEs, buyback is a tool for Govt. of India to disinvest the equity held by GoI in CPSEs and to make proper utilization of idle cash left with CPSEs.

As per DIPAM guidelines dated 27.05.2016 the criteria for identifying potential buyback cases are as under:

(i) CPSE with net worth of Rs.2,000 crore and cash and bank balance of Rs.1,000 crore should mandatorily go for buyback.

(ii) Other CPSEs may also go for buyback, based on the merits of each case.

<u>Achievements</u> : In order to make the use of idle cash lying with CPSEs and for improving the Earning per share, Govt. used buyback method effectively. During 2018-19, disinvestment proceeds of Rs.10,670 crore were realized from buyback of shares by 10 CPSEs. In the current year, the Department is largely in the silent period of buyback.

3. Offer for Sale (OFS)

Offer for sale (OFS) is a simpler method of share sale through the exchange platform for listed companies. The mechanism was first introduced by SEBI in 2012, to make it easier for promoters of publicly-traded companies to cut their holdings and comply with the minimum public shareholding norms by June 2013. The method was largely adopted by listed companies, both state-run and private, to adhere to the SEBI norms of minimum public shareholding. Government often used this route to divest its shareholding in CPSEs.

Salient features of OFS:

(i) simple to execute

(ii) market-driven

(iii) Govt. continues to retain management control

(iv) Cost-effective

(v) Time efficient (completed in 2 trading days)

(vi) Transparent allocation based on price-parity basis.

Achievements : During last five years, through 22 OFS transactions, disinvestment yield of over Rs.69,878 crores was realised. This included the largest OFS of over Rs.22,000 crores in case of Coal India Limited in January, 2015.

During the current financial year, OFS of RITES has been concluded yielding Rs.729.45 crore, while the employee OFS is in process (as on 31.12.2019). The actual timings of OFS transactions depend on the prevailing market conditions and the Government looks for the opportune time to initiate necessary transactions.

4. Exchange Traded Fund

An ETF is a basket of stocks that reflects the composition of an Index, like Nifty-50 or BSE Sensex. Govt. introduced ETF has a method of disinvestment of CPSEs in 2014 by launching CPSE-ETF comprising of 10 CPSEs (with 67% weight in favour of energy sectors). Later another ETF, i.e. Bharat-22 was launched in 2017 comprising of 16 CPSEs, 3 PSBs and 3 private sector companies.

The advantages/ benefits of an ETF are:

i. Flexibility of trading on real time basis.

ii. Lower expense ratios and transaction costs.

iii. Investors are able to diversify exposure across a number of Public Sector companies through a single instrument.

Achievements : Through various offers of CPSE-ETF and Bharat-22 ETF, Govt. could realize disinvestment proceeds of Rs.68,080 crores since 2016-17. The total receipt through ETF prior to 2014 amounted to Rs.3,000 crores only.

Just like last year, ETFs were the biggest source of receipts during current year with Further Fund Offer-5 (FFO) of CPSE-ETF fetching Rs.10,000.39 crore and FFO-2 of Bharat 22 ETF fetching Rs.4,368.80 crore in July 2019 and October 2019 respectively. In aggregate, ETFs have fetched Rs.14,369.19 crore in 2019-20 (as on 31.12.2019).

5. Strategic Disinvestment

'Strategic disinvestment' implies sale of substantial portion of the Government share-holding of a Central Public Sector Enterprise (CPSE) of up to 50% or such higher percentage, as the competent authority may determine, along with transfer of management control.

Economic Rationale:

- The resources unlocked by the strategic disinvestment of these CPSEs would be used to finance the social sector/developmental programmes of the Government benefiting the public. The unlocked resources would form part of the budget and the usage would come to scrutiny of the public.
- It is expected that the strategic buyer/ acquirer may bring in new management/technology/ investment for the growth of these companies and may use innovative methods for their development. Such entities would most likely perform better in the private hands due to various factors e.g. technology up-gradation and efficient management practices; and would thus add to the GDP of the country.

Procedure: A transparent procedure based on open market bidding is followed. An Independent External Monitor (IEM) exercises oversight functions.

- CCEA in its meeting held on 17.02.2016, approved the procedure and mechanism for strategic disinvestment of CPSEs, which provided for a mechanism for selection of CPSEs for strategic disinvestment, a decision-making mechanism and an Independent External Monitor (IEM) for vetting the procedure and for redressal of grievances.
- A three-tier decision-making mechanism was conceptualized with the CCEA at the Apex level, Core Group of Secretaries on Disinvestment (CGD) as the supervisory and recommendatory body and an Evaluation Committee(EC) for advising/assisting CGD on issues such as valuation, reserve price and for making recommendations on final price and/or strategic partner(s). NITI Aayog was mandated to identify the CPSEs for strategic disinvestment.

Streamlining the procedure:

- During the course of ongoing strategic disinvestment of CPSEs, certain limitations in the existing procedure were noted. In order to overcome the limitations and to make the procedure expeditious and result-oriented, CCEA on 03.10.2019, approved modification in the procedure and mechanism for strategic disinvestment of CPSEs.
- In the modified procedure Inter-Ministerial Group (IMG) chaired by the Secretary, DIPAM and Co-Chaired by Secretary of the Administrative ministry/department concerned will drive the procedure and play a pivotal role in the entire process.

Status:

The CCEA has given in-principle approval (on 20.11.2019) for strategic disinvestment of the GoI shareholding in five public sector enterprises along with management control. These are: Bharat Petroleum Corporation Ltd (BPCL); Shipping Corporation of India (SCI); Container Corporation of India CONCOR); Tehri Hydro Power Development Corporation (THDCIL), and North Eastern Electric Power Corporation Ltd (NEEPCO). The strategic sale of THDC, NEEPCO and Numaligarh subsidiary of BPCL will be made to a CPSE buyer. With this, a total of 33 CPSEs/Subsidiaries/Units of CPSEs (including Air India) have now been accorded 'in-principle' approval by the government for strategic disinvestment.

Achievements

The Government strategically divested its stake in 5 CPSEs (HPCL, REC, DCIL, HSCC & NPCC) in last two years which resulted in a yield of Rs.52,869 crore.

- ✓ Hindustan Petroleum Corporation Ltd. (HPCL) - acquisition by ONGC - Rs.36,915 Crs.
- ✓ Hospital Services Consultancy Corporation (HSCC) - acquisition by NBCC- Rs.285 Crs.
- ✓ National Projects Construction Corpn. (NPCC)- acquisition by WAPCOS- Rs.79.80 Crs.
- ✓ Dredging Corporation of India Ltd. (DCIL)- acquired by consortium of 4 major ports- Rs.1049 Crs.
- ✓ Rural Electrification Corporation (REC): acquired by PFC for Rs.14,500 Crs.

The process for strategic disinvestment in identified CPSEs in the current year is ongoing. The strategic sale of THDC, NEEPCO and Kamrajar port is likely to be completed during the year.

VI. NEW INITIATIVES

1. Reduction of Shareholding in select CPSEs below 51% while retaining management control:

In the Budget Speech of 2019-20 the Government had announced the decision to modify present policy of retaining 51% Government stake to retaining 51% stake inclusive of the stake of government controlled institutions. Accordingly the CCEA has given ‘in-principle’ approval (on 20.11.2019) for reduction of GoI paid-up share capital below 51% in select CPSEs while retaining the management control, taking into account the Government shareholding post such reduction and the shareholding of Government controlled institutions. This policy decision will increase the bandwidth for disinvestment through minority stake sale.

2. Asset Monetization:

Asset Monetization Framework: The Union Cabinet on 28.2.2019 approved the procedure and mechanism for Asset Monetization of CPSEs/PSUs/other Government organizations and Immovable Enemy Properties'. This will enable monetization of identified non-core assets of CPSEs under strategic disinvestment and Immovable Enemy Property under the custody of Custodian of Enemy Property of India (CEPI), MHA. This Framework is also available to monetize assets of other CPSEs/PSUs/other Government Organizations and loss making/sick CPSEs.

3. Debt ETF

Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 4th December, 2019 approved the creation and launch of India's first corporate Debt Exchange Traded Fund (Debt ETF) programme which would create an additional source of funding for Central Public Sector Enterprises (CPSEs), Central Public Sector Undertakings (CPSUs), Central Public Financial Institutions (CPFIs), and other Government organizations and would increase the retail participation in the Indian corporate bond market. The first issue of Bharat Bond ETF launched on 12th December, 2019 has been successful with Rs.12,000 Crore which is oversubscribed 1.7 times.

Benefits of Bharat Bond ETF to investors

- Bond ETF will provide safety (underlying bonds are issued by CPSEs and other Government owned entities), liquidity (tradability on exchange) and predictable tax efficient returns (target maturity structure).
- It will also provide access to retail investors to invest in bonds with smaller amount (as low as Rs.1,000) thereby providing easy and low-cost access to bond markets.
- This will increase participation of retail investors who are currently not participating in bond markets due to liquidity and accessibility constraints.
- Tax efficiency compared to Bonds as coupons from the Bonds are taxed at marginal rates. Bond ETFs are taxed with the benefit of indexation which significantly reduces the tax on capital gains for investor.

BharatBond ETF Benefits for CPSEs

- Bond ETF would offer CPSEs, CPSUs, CPFIs and other Government organizations an additional source for meeting their borrowing requirements apart from bank financing.
- It will expand their investor base through retail and HNI participation, which can increase demand for their bonds. With increase in demand for their bonds, these issuers may be able to borrow at reduced cost thereby reducing their cost of borrowing over a period of time.
- Further, Bond ETF trading on the exchange will help in better price discovery of the underlying

bonds.

- Since a broad debt calendar to assess the borrowing needs of the CPSEs would be prepared and approved each year, it would inculcate borrowing discipline in the CPSEs at least to the extent of this investment.

Developmental impact on Bond Markets

- Target Maturity Bond ETF is expected to create a yield curve and a ladder of Bond ETFs with different maturities across calendar years.
- ETF is expected to create new eco-system - Market Makers, Index providers and awareness amongst investors - for the launching new Bond ETFs in India.
- This is expected to eventually increase the size of bond ETFs in India leading to achieving key objectives at a larger scale - deepening bond markets, enhancing retail participation and reducing borrowing costs.

Features of Bharat Bond ETF

- ETF will be a basket of bonds issued by CPSE/ CPSU/CPFI/any other Government organization Bonds (Initially, all AAA rated bonds)
- Tradable on exchange
- Small unit size Rs.1,000
- Transparent NAV (Periodic live NAV during the day)
- Transparent Portfolio (Daily disclosure on website)
- Low cost (0.0005%)

VII. RECENT TRENDS IN DISINVESTMENT

Table 1: Trends in disinvestment transactions in recent years

Year	RE (Rs.Crores)	Receipts (Rs.Crores)	No. of Transactions
2014-15	26,353	24,349	8
2015-16	25,313	23,997	9
2016-17	40,000	46,247	24
2017-18	1,00,000	1,00,057	36
2018-19	80,000	84,972	28
2019-20 (Till Dec., 2019)	1,05,000 (BE)	18,090.94	6
Total	**2,97,712.94**		**111**

During FYs 2005-14, the average numbers of transactions executed were 4 per annum while during the period FY 2015-19, on an average 21 transactions per annum were executed. This reflects the government's efforts in carrying out successful disinvestment exercise.

Public participation

- Significant public participation was noted in various offerings of DIPAM through IPO, OFS and ETF in-line with PM's vision of improving public ownership of CPSEs.
- During the last 5 years, 26.26 lakh retail investors invested an amount of Rs.4,753 crores in 12 IPOs of CPSEs. 13.93 lakhs retail investors invested an amount of Rs.16,277 crores in 7 ETF offerings which serves the objective of promoting public ownership.

Disinvestment receipts

Rs.18090.94 crore has been collected till date as disinvestment proceeds. The following transactions have been successfully completed during the current year:

Sl. No.	Name of CPSE	Type of Disinvestment	Receipts (Rs.in Crore)
1	CPSE ETF	ETF	10,000.39
2	Bharat 22 ETF	ETF	4,368
3	Rail Vikas Nigam Limited	IPO	475.89
4	IRCTC	IPO	636
5	Sale of Enemy Shares by CEPI	Others	1,881.21
6	RITES	OFS	729.45
	Total		**18,090.94**

VIII. INITIATIVES UNDERTAKEN FOR PERSONS WITH DISABILITIES, SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES:

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.

IX. 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.

X. 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.

XI. E-GOVERNANCE

As a part of good governance through the use of information technology, the following initiatives have been taken:

(i) Website of the Department (www.dipam.gov.in) is updated on a regular basis, in both English and Hindi. The website is compliant with the Guidelines for Indian Government Websites (GIGW).

(ii) Maintenance of the Payroll Package

(iii) Maintenance of File Tracking System Software

(iv) The following web based monitoring systems are in place:

- Rajya Sabha Question, Answer Monitoring System.
- Public Grievance information system
- Centralized Tender/Procurement Monitoring System: tenders are regularly put on the website and e-Publishing in e-procurement portal is being done regularly.
- Representations of Reserved Categories in Posts and Services in Government of India (RRCPS) Monitoring System (SC/ST Commission Portal).
- APAR Monitoring system for IAS Officers (JS level & above), CSS/ CSSS Officers (US level & above).
- Cadre Management System (for CSS Officers).
- Pension Portal
- RTI Annual Return Information Systems.
- Quarterly Rolling Plan
- Data Portal (Data.gov.in).

XII. REDRESSAL OF PUBLIC GRIEVANCES

The Department is using the Centralized Public Grievance Redress and 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 Judgment 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 Investment and Public Asset Management (DIPAM).

XIII. VIGILANCE MACHINERY

A Joint Secretary has been designated as part-time Chief Vigilance Officer in the Department.

XIV. 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) An RTI 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.dipam.gov.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 2 Deputy Directors and 9 other Under Secretaries as Central Public Information Officers under Section 5(1) of the Act, in respect of subjects handled by them.

(iv) Additional Secretary/Joint Secretaries and Economic Advisor have been designated as First Appellate Authorities in terms of Section 19(1) of the Act for all matters relating to their Divisions.

XV. 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.

XVI. AUDIT PARAS/OBJECTIONS

No CAG or PAC paras/ objections are pending in the Department.

XVII. 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. 30 - Department of Investment & Public Asset Management - which includes Secretariat General Services covering the establishment budget for the

Department of Investment & Public Asset Management.
The budget allocation under Grant No. 30 is as under:-

(Rs. in crores)

Grant No.	Budget Estimates 2019-20			Revised Estimates 2019-20 (proposed)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
30 - Department of Investment & Public Asset Management	----	132.08	132.08	----	132.08	132.08

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

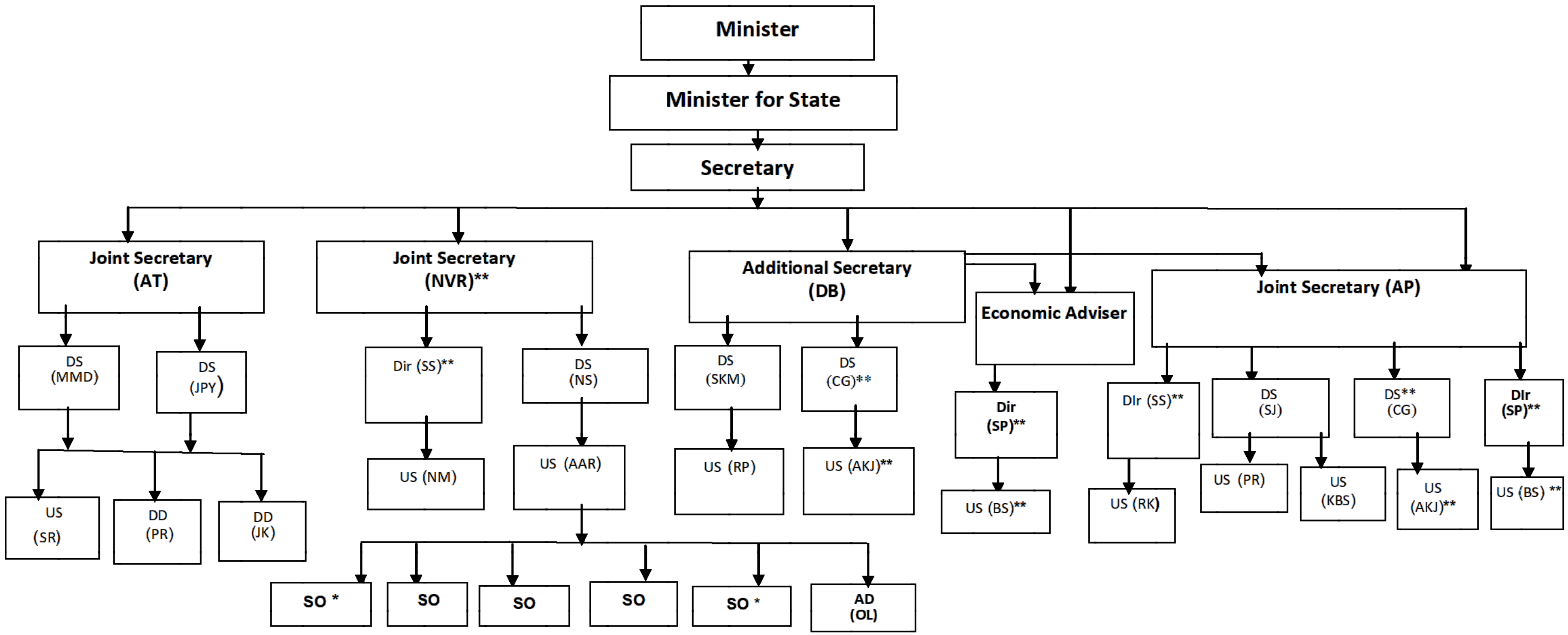
Representation of SCs, STs, OBCs in respect of Department of Investment & Public Asset Management

Groups	**Number of employees**				**Number of appointments made during the previous calendar year**									
	(as on 31.03.2019)				By Direct Recruitment				By promotion			By Deputation		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
A	27	4	1	2	0	0	0	0	0	0	0	1	0	0
B	22	4	1	1	0	0	0	0	0	0	0	1	0	0
C	12	5	0	5	0	0	0	0	0	0	0	0	0	0
Total	61	13	2	8	0	0	0	0	0	0	0	2	0	0

Appendix-II

Organization Structure

DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM)



* Vacant Posts
** Officials with additional charge

AT- Anuradha Thakur; NVR- N Venudhar Reddy; DB-Dheeraj Bhatnagar; AR- Amit Ray; AP- Alok Pande;
MMD- MM Dawla; JPY- Jaya Priyadarshini Yarikipati; SS- Sidhil Sashi; SKM- SK Mohanty; NS- Neera Sharma; CG- Chunnilal Ghosh; SJ- Sushma Jain; SP- Suresh Pentakota;
SR- Shashi Rawat; PR- Priya Ranjan; JK- Jagadish Kumar: NM- Neetu Malhotra; AAR- AA Riziwani; RP- Raj Pal; AKJ- AK Jha; BS- Babita Saxena; RK- Ragesh Kant; KBS- KB Singh

Chapter - V

Department of Financial Services

1. Work Allocation among Sections

1.1 Banking Operation-I (BO-I)

Appointment of Governor/Deputy Governor of RBI, Chairman & MDs of SBI, CMDs and EDs of Nationalised Banks, salary allowances and other terms and conditions of Whole Time Directors of PSBs. Constitution of Boards of Directors of RBI and PSBs: appointment of Workmen Employee Directors, appointment of Part Time Non Official Directors and Officer Employee Directors of PSBs. Nomination of Directors on the Board of PSBs.

1.2 Banking Operation-II (BO-II)

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., Banning of Unregulated Deposit Scheme Act, 2019. Deposit Insurance and Credit Guarantee Corporation (DICGC), Act, 1961. Payment and Settlement System Act, 2007. Factoring Regulation Act, 2011.

State Legislations – Protection of Interest of Depositors Acts of State Governments. Matters relating to Multi-level Marketing and Ponzi Schemes. Setting up of IFSC – GIFT. International Relations (Banking) / Bilateral issues. International Cooperation in. WTO, RCEP, JCCII and CEPAs/CECAs/FTAs of India with bilateral and multilateral partners. Matters relating to Financial Sector Development Council and its Sub-committees. Matters relating to Central Economic Intelligence Bureau (CEIB). Matters relating to office of Court Liquidator, Kolkata. Work relating to Government Agency Business. Financial Action Task Force (FATF). Setting up of Currency Chest by banks in border districts (within 80 KMs of International Border). Rationalization of Bank Holidays / declaration of bank holidays under section 25 of the Negotiable Instruments Act, 1881. Know Your Customer (KYC) matters – AML and CFT matters

1.3 Banking Operation-III (BO-III)

Customer Service in Banks/FI/Ins. All kinds of complaints/representations received from individual/ associations for redressal of their grievances in these institutions such as delay in clearance of cheques, non-payment/non-issue of drafts, non issue/delay in issue of duplicate drafts, misbehaviour / rude behaviour/ harassment on the part of staff of the Institution, non settlement/delay in settlement of deceased accounts, non-transfer/delay in transfer of accounts from one office to another, non opening/delay in opening of new accounts, non-compliance with standing instructions of the customers, non-payment of term deposits before maturity, delay in payment to pensioners, including those related to credit cards, ATMs, etc. All kind of complaints received from DARPG/DPG relating to Public/ Private Sector/ Foreign Banks/FI/Ins. All kinds of complaints received from MPs/VIPs /PMO against Private Sector & Foreign Banks. Banking Customer Service. Banking Ombudsman. Coordination of PRAGATI meetings.

1.4 Banking Operation & Accounts-I (BOA-I)

Preparation of annual consolidated review on the working of Public Sector Banks (PSBs) and laying it on the Tables of both Houses of Parliament. Pattern of accounting and final accounts in Public Sector Banks. Study and analysis of the working results of PSU Banks. 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. 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. Disputes and arbitration between PSBs and between PSBs and other Govt. Departments/PSEs. Appointment of advocates in PSBs. Residuary matters of Portuguese Banks in Goa. Opening and shifting of administrative offices of banks. All Policy matters related to Banking Operation such as Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of private sector banks. Functioning of PSBs. Notification regarding exemption from various sections of the Banking Regulation Act, 1949 and appointment of appellate authority to hear appeals under BR Act and Banking Companies (Acquisition and Transfer of Undertakings) Act of 1970 and 1980. Administration of all Acts/ Regulations/ Rules related to Public Sector Banks, RBI and State Level Banks. Laying of annual reports and audit reports etc., of PSBs in Parliament

1.5 Banking Operation & Accounts-II (BOA-II)

Credit Information Companies (CICs). Works relating to monitoring of NPAs and Recovery including compromises and OTS of all PSBs. Parliament matters, VIP/PMO references, complaints and other matters relating to above works. All matters related to NPA/ Stressed Assets (other than Sectoral Stress), including relief measures by banks in area affected by natural calamities. Stressed Assets Stabilization Fund (SASF). Audit of banks, appointment and fixation of remuneration of auditors of PSBs/FIs. Bank guarantees, Letters of Credit and Letters of Undertaking / Comfort by PSBs and related complaints. Citizen's Charter of PSBs/RBI. Acquisition/Leasing/Renting/Vacation of premises, Estate Officers under Public Premises Act, 1971. Operation of foreign banks in India (including IDC and FDI Policy matters). Banking Sector Reforms (including EASE Index and PSB Reforms Agenda). NBFCs and Appellate Authority on NBFCs. Operational risk management (other than cyber-security and digital payments security), including frauds and fugitive offenders. Administration of all Acts/Regulations/Rules related to NBFCs and CICs. Statement of Intent / Key Performance Indicators / Performance evaluation of whole-time Directors. Insolvency Bankruptcy Code (IBC). Overseas branches of Indian banks.

1.6 Agriculture Credit (AC)

Credit flow to Agriculture and allied sectors. Agricultural Debt Waiver and Debt Relief Scheme, 2008. Matters relating to NABARD (except pension matters), Agriculture Finance Corporation(except Service matters), State Legislations on the subject, Co-operative Banks (including Urban Co-operative Banks), external aided projects relating to rural/agriculture credit, appeals made by co-operative banks, financial assistance to persons affected by natural calamities, riots disturbances, etc. Bank credit to KVIC, handloom and handicraft sector. Citizen Charter of NABARD. Appointment of CMDs & Directors of NABARD. Kisan Credit Card (KCC) Scheme. Secretarial assistance to the designated appellate authority in regard to appeal by Urban Cooperative banks against cancellation of license by RBI.

1.7 Regional Rural Banks (RRB)

Legislative matters with regard to RRB Act, 1976 and framing of rules there under. 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.

1.8 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. Matters relating to Payment Regulatory Board (PRB) constitution and matters related to PRB. Matters relating to Minimum deposit balance, cash handling & digital payment charges; On-boarding of merchants on digital payment platforms other than cards. Banking matters relating to digital payment platforms; Pradhan Mantri Jan Dhan Yojana (PMJDY), Mission Office. All matters related to Stand Up India (SUI).

1.9 Industrial Relations (IR)

Service matters of PSBs including IDBI/ RBI, Pension matters of NABARD. 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.

1.10 Coordination (Coord.)

Organisation of FM's meetings with CEOs of PSBs and regional consultative committee meetings. Staff Meeting of Secretary (FS)/ Senior Officers Meeting (SOM). Monitoring & Review of disposal of VIP references, PMO references, coordination of RBI pending matters. 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-Secretariat etc., references involving more than two Divisions of DFS.

1.11 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.

1.12 General Administration (GA)

Housekeeping/Security matters, 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. Maintenance of furniture and electricity items. Logistic support for arranging farewell of staff of DFS. Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of Public Sector Banks/Financial Institutions/Insurance companies, etc.

1.13 Parliament

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. Presidential address to the Joint Session of Parliament. Compilation and submission of material for Parliament Questions to other Ministries/ Departments. Parliamentary Committee Matters

1.14 Hindi

Implementation of Official Language Policy of the Government. Translation work relating to Parliament Questions, Standing Committees, Minutes of the Meetings. Hindi Teaching Scheme and other miscellaneous work as mentioned in induction material of DFS.

1.15 Welfare Section (SCT)

Matters relating to recruitment, promotion and welfare measures of SC/ST/OBC/ PH and Ex-servicemen in Public Sector Banks/Financial Institutions and Public Sector Insurance Companies (PSBs/FIs/PSICs). Matter of policy regarding reservation for these categories in PSBs/FIs/PSICs, reservation matters in RRBs etc. Inspection/examination of Reservation Roster for SCs/ STs/OBCs in PSBs/FIs/PSICs.

1.16 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. Audit Paras. UN e-Government Index & Digital Services. Work related to committee of Financial Sector Statistics. Coordination of budget proposals of DFS. Matters related to Budget Announcements, Output-outcome Monitoring Framework. Sustainable Development Goals – Indicators pertaining to DFS.

1.17 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 and IIFCL**.** Matters related to IFCI Ltd, IDFC Ltd, Winding up matter related of IIBI Ltd, and other related matters. Board level appointments-Whole Time Directors- IIFCL, EXIM, IFCI Ltd and their personnel matters**.** Government Nominee Directors-EXIM Bank, IIFCL, IFCI Ltd. and IDFC Ltd. Non-Official Directors/ Independent Director in -EXIM Bank, IIFCL and IFCI Ltd. Sector-specific matters like infrastructure, power, textiles, exports; steel, telecom, road, shipping (added) etc. matters related to sectoral issues. Laying of annual reports of IIFCL, EXIM Bank, IFCI Ltd and Liquidator's report of IIBI Ltd. before the Parliament. Matters related to Ratnagiri Gas and Power Pvt. Ltd (RGPPL). Citizen's Charter of EXIM Bank and IIFCL. All matters related to resolution and registration issues of Asset Reconstruction Company (ARC) and to track the activities of the ARCs. All matters related to National Investment and Infrastructure Fund. Appointment of Statutory Auditor pertaining to DFS in EXIM Bank. Media and Publicity related matters of DFS. Project Monitoring Group (PMG) Meeting. Partial Credit Guarantee Scheme (PCGS).

1.18 Industrial Finance-II (IF-II)

Administration of National Housing Bank Act, 1987. Administration of Small Industries Development Bank of India Act. Administration of State Financial Corporation Act. Operational, Policy and Budgetary matter relating to SIDBI and NHB. Matters relating to NHB and Housing finance. Matters relating to winding up of BIFR & AAIFR. Matters related to credit to Micro, Small and Medium Enterprises (MSMEs), TreDS National Credit Guarantee Trustee Company (NCGTC)**,** Credit Guarantee Fund for Micro and Small Enterprises, CGFMU, CGFSI, CGFF, Credit Guarantee Scheme and other related matters on the subject. Citizens Charter of NHB and SIDBI. All matters related to Educational Loans including Vidyalakshmi Portal, Credit aspects of Govt. Sponsored Schemes-PMEGP, Education, employment generation scheme of SJSRY, SGSY and other poverty alleviation programmes and other related matters. Appointment and all personnel matters of Whole Time Director in SIDBI and NHB. Appointment of Non Official/ Independent Directors and Government Nominee Directors in SIDBI and NHB. Laying of annual reports of SIDBI and NHB before the parliament. All matters related to Pradhan Mantri Mudra Yojana (PMMY) and MUDRA Ltd. Matter related to psbloansin59minutes portal. Matters related to Micro Finance Institutions and Legislation thereon, Self Help Groups as well as NABARD's Micro Finance, etc.

1.19 Vigilance

Consultation with CVC/CTE. Nomination of CVOs for PSBs/FIs/PSICs. 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 PFRDA and IRDAI/RBI. Inquiry into complaints against GMs/EDs and CMDs of PSBs/FIs/ PSICs/PFRDA and IRDAI/RBI 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. Vigilance clearance, sanction of prosecution and any other matter of Board level appointees of PSBs, FIs, PSICs, PFRDA, IRDA and RBI. Vigilance matters of Officials in DFS, Officers of Office of Custodian and Government Officials in DRTs/DRATs. 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 O/o Custodian and appointment of Custodian.

1.20 Debts Recovery Tribunals (DRT)

Establishment of DRTs/DRATs under the Recovery of Debts due to Banks and Financial Institutions Act, 1993. Administration of Recovery of Debts and Bankruptcy (RDB) Act, framing or amending rules for implementing of the provisions of the 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. Administration of SARFAESI Act, appointment of Registrar/MD & CEO, CERSAI, ease of doing business agenda- flowing from recent amendments. CKYC matters under Prevention of Money Laundering Act, 2002. Policy matters relating to Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI), a PSU, including the Central Registry under the SARFAESI Act, 2002

1.21 Insurance-I (Ins.-I)

Administration of LIC Act, 1956, Administration of IRDA Act, 1999, 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 Framing rules and Implementation of social security schemes viz. PMJJBY & PMSBY. Convergence of life and personal accident insurance schemes to PMJJBY & PMSBY. Managing Mission Office for monitoring & implementation of PMJJBY & PMSBY. All Government sponsored/ supported schemes in insurance except crop insurance schemes. Senior Citizens' Welfare Fund. Other Social Security Group Insurance Schemes under LIC. Central Government Employees Group Insurance Scheme. Postal Life Insurance 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.

Coordination work relating to the following Committees: Committee for the Welfare of Women; Committee for the Welfare of SC/ST; Estimates Committee, Committee on Subordinate Legislation.

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/ tour 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.

Service Matters (LIC) - Service matters, rules and regulations, representations on service matters by employees in LIC, 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 LIC.

Institute of Actuaries of India - Administration of the Actuaries Act, 2006, Framing of Rules / regulations under the Actuaries Act 2006. Constitution of Quality Review Board, Appellate Authority, nominations on the council of IAI.

1.22 Insurance-II (Ins.-II)

Insurance Sector Reforms - All matters relating to reforms in insurance sector; Reforms related amendments to Insurance Act, 1938, GIBNA, 1972, Implementation of Law Commission Reports.

Appointments - Policy issues concerning selection of Chief Executives in the PSU insurance companies including AICL and GIC; 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.

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. Opening and winding of branches of PSGICs. Service matter, rules and regulations of PSGICs, including GIC & AICIL

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. Party Administrators, Tariff Advisory Committee;; 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.

Grievances - Public grievances against services provided by Public Sector Insurance Companies including GIC, AICL and 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. Framing of rules, appointment and service matter related to Insurance Ombudsman.

Housekeeping - Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of Insurance Companies.

Committees:- Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU).

Others - WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country. Matters related to IIISLA & NIA Pune. FDI in Insurance Sector. Matters related to crop insurance.

1.23 Pension Reforms (PR)

The administration of Pension Fund regulatory and Development Authority (PFRDA) Act, 2013, and administrative matters relating thereto viz. framing Rules and PFRDA Act, 2013 and appointments on the Board of PFRDA, CVO in PFRDA. Providing legislative and policy prescriptions to PFRDA.

Coordinating and introducing Pension Reforms. Introduction of National Pension System and extension of its coverage to State Governments and unorganised sector and implementation of the Co-Contributory Swavalamban Scheme. Atal Pension Yojna (APY). Creation of a Non-statutory Interim Pension Fund Regulatory and Development Authority and administrative matters relating thereto. Formulation of the Pension Fund Regulatory and Development Authority Bill, 2011 and its passage through the Parliament. Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds. Employees' Provident Fund Scheme.

1.24 IT Cell

Work related to the website, information technology, digitalization, Digital India initiative, liaison/ coordination with NIC, etc. Matters related to Cyber Security and e-office.

1.25 GST Cell

Overseas preparedness of all institutions under DFS to implement GST, to provide inputs to the " Banking, Financial and Insurance" Sectoral Group with reference to GST. Other matters related to coordination, rollout and implementation of GST w.r.t institutions under administrative control of DFS etc.

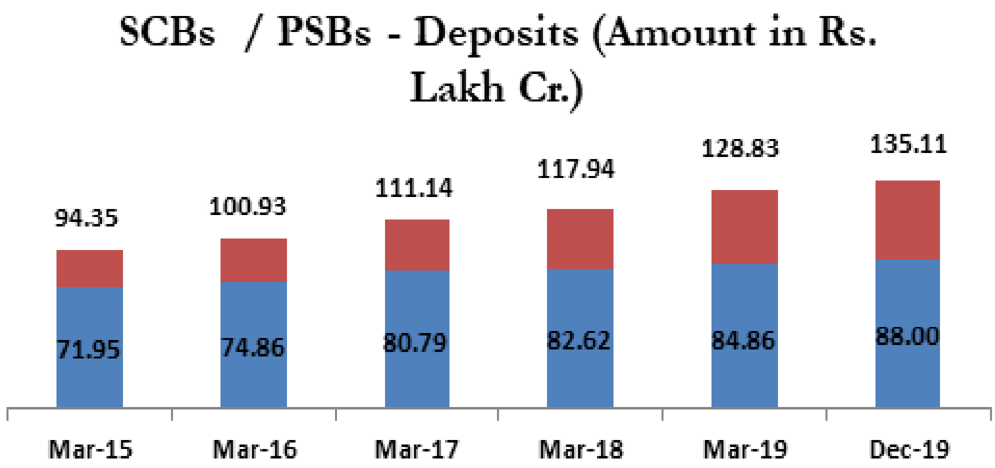
1.26 Surplus Cell

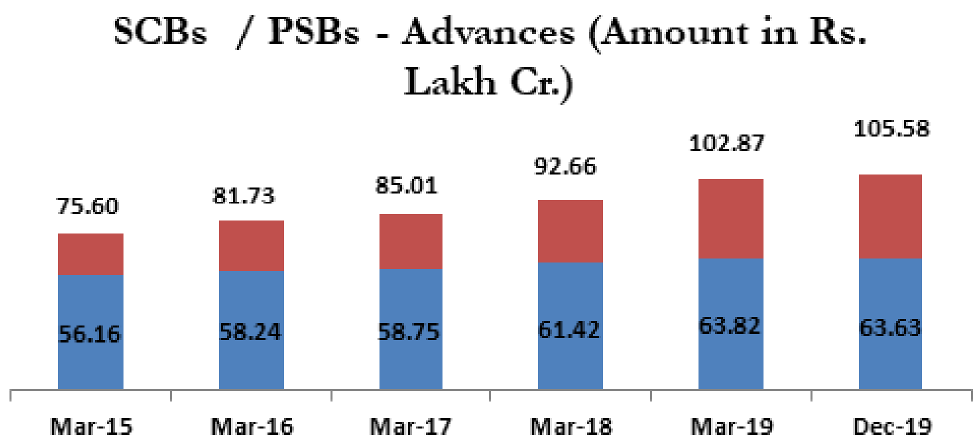
All service matters and day-to-day administrative matters related to surplus staff of AAIFR & BIFR including their redeployment, consultation with DoPT, handling of court cases of surplus staff. RTI and personal matters of surplus staff such as leave, retrial benefits, perks & allowances etc.

Performance and Significant Developments

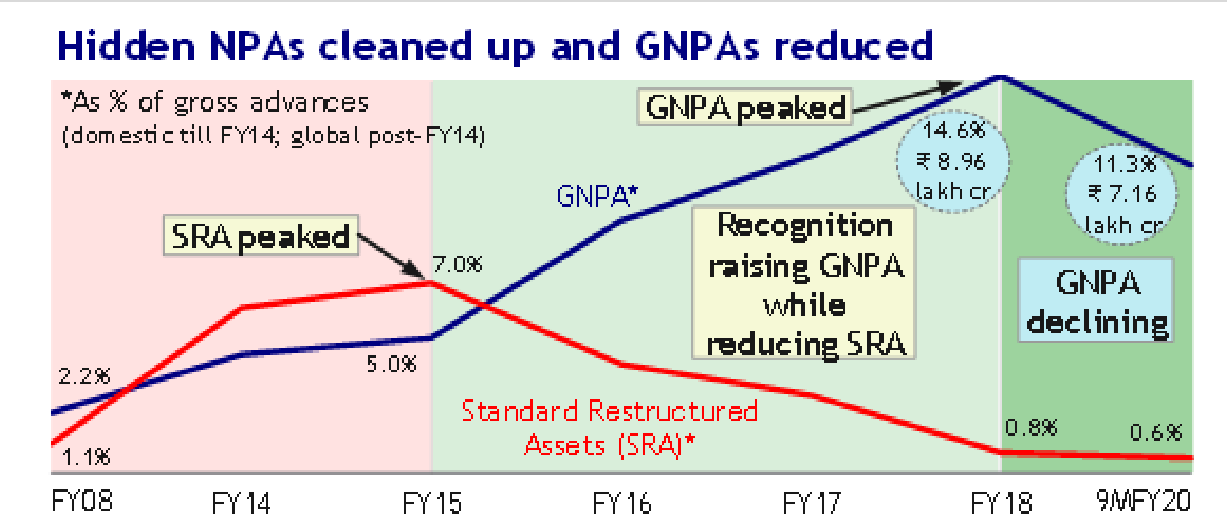
2. Overview of banking

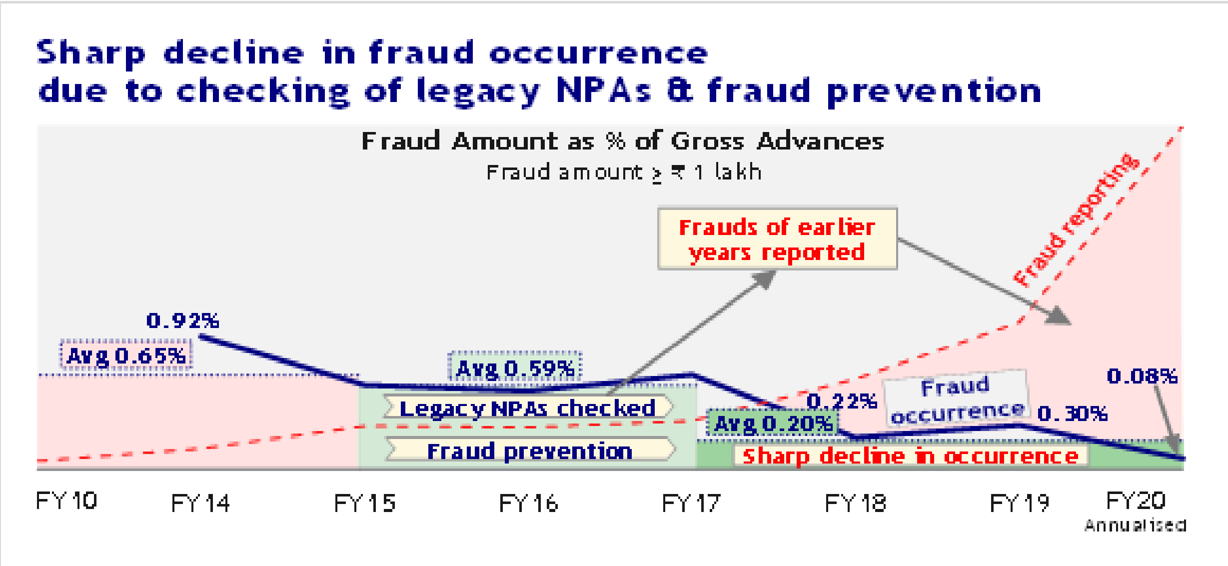
PSBs are the mainstay of the Indian banking industry. PSBs and PSB-sponsored Regional Rural Banks (RRBs) have dominant market presence and constitute the major proportion of the bank network of Scheduled Commercial Banks (SCBs), particularly in rural and semi-urban areas. PSBs play an important role in fuelling investment needed for the country's economic development, with a share of over 65 percent of SCBs' deposits and 60 percent of their outstanding credit, as on 31.12.2019. In absolute terms, PSBs have a total deposit of Rs.88 lakh crore and total advances amounting to Rs.63.63 lakh crore, as on 31.12.2019.





Public Sector Banks (PSBs) in India have played a pivotal role in transforming the Indian economy from one characterised by low savings and credit-to-GDP rates of 11.2% and 12.2% respectively at the time of bank nationalisation to current levels of 29.4% and 56.0% respectively, powering India's growth story. However, over the first half of the last decade, they witnessed excessive build-up of stress in their loan portfolios, although this remained hidden till transparent recognition of stressed loans as NPA began in 2015. Owing, *inter alia*, to aggressive lending and frauds (with credit growth averaging 18% and fraud incidence averaging 0.65% of advances between FY 2009-10 and FY 2013-14), lack of robust lending practices, wilful defaults, and misconduct in certain cases, the total stressed assets of PSBs rose to 12.0% by March 2015. With recognition of stress since 2015 and progressive withdrawal till early 2018 of restructuring schemes that enabled stress to remain hidden, the adverse impact of the hidden stress on key financials became manifest. Clean-up began with transparent recognition of stressed assets as NPAs, issuance of a proactive fraud detection framework for high-value loans and recapitalization under Indradhanush in 2015, followed by fundamental reform in recovery through IBC in 2016.



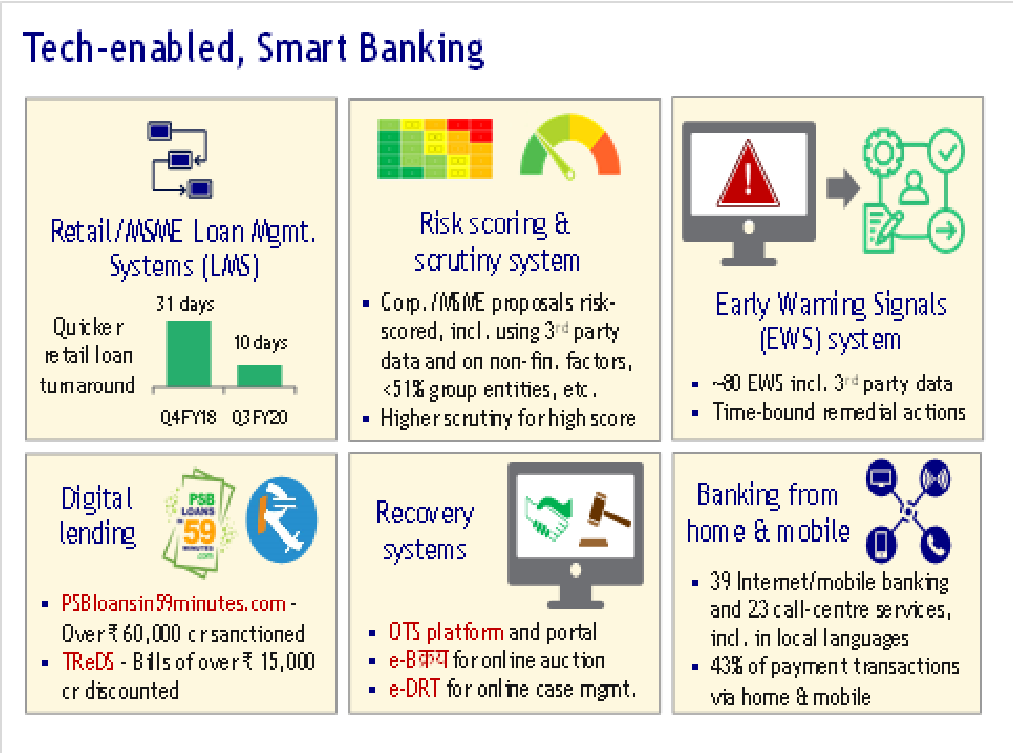


2.1 Comprehensive banking reforms

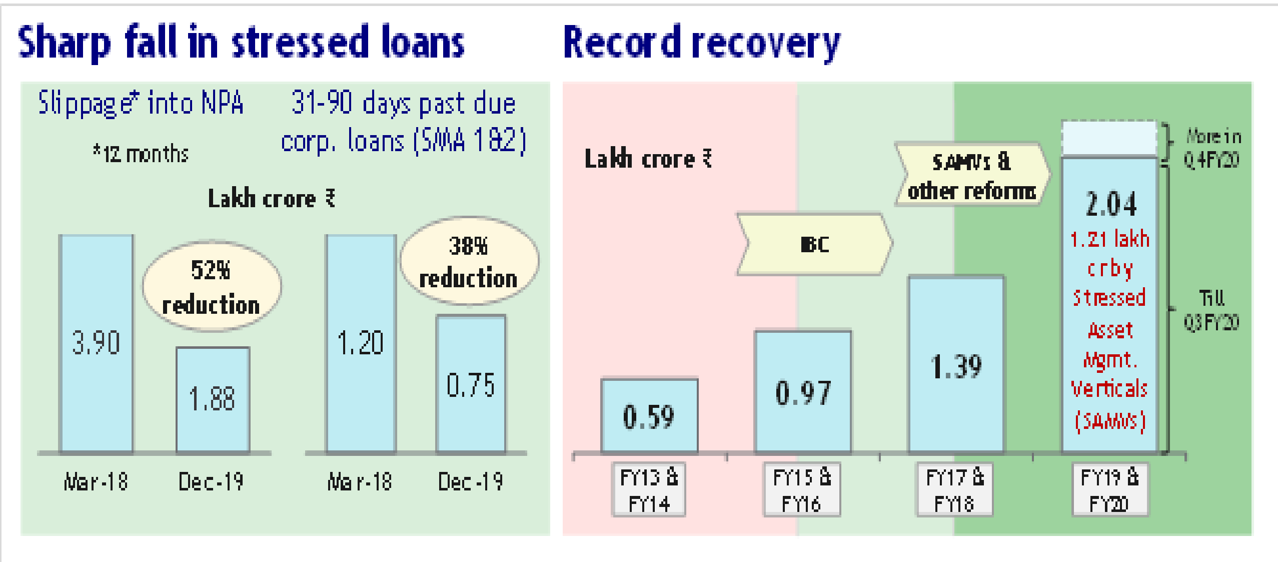
With the extent of legacy bad loans becoming fully known by FY 2017-18, Government initiated comprehensive reforms in PSBs. For this, it announced an unprecedented 2.11 lakh crore recapitalisation in October 2017, through infusion of capital by the Government and raising of capital by banks from the markets. In the budget for FY 2019-20, Rs. 70,000 crore was provided for capital infusion in banks, of which Rs. 69,169 crore has been infused, including Rs. 4,557 crore in IDBI Bank Limited which was recategorised as private sector bank by RBI w.e.f. 27.1.2019. Till date, Government has infused Rs.2.63 lakh crore in PSBs since October 2017 and an additional amount of Rs.79,505 crore has been mobilised by banks from FY 2017-18 till December 2019. Thus, PSBs including IDBI Bank Limited have been recapitalised to the tune of Rs.4.07 lakh crore since March 2014.

A PSB Reforms Agenda in January 2018 for publically reported, independently measured and benchmarked reforms was pursued through a unique Enhanced Access & Service Excellence (EASE) Reforms Index that enabled objective and benchmarked progress on all key areas in PSBs — *viz.*, governance, prudential lending, risk management, technology- and data-driven banking, and outcome-centric HR.

Root causes of weaknesses in PSBs have been systematically addressed through the annual EASE Reforms Index for FY 19 and FY 20 (EASE 1.0 and EASE 2.0). These have equipped Boards and leadership for effective governance, instituted risk appetite frameworks, created technology and data-driven risk assessment and prudential underwriting and pricing systems, set up loan management systems for faster processing and tracking, introduced Early Warning Signals (EWS) systems and specialised monitoring for time-bound action in respect of stress, put in place focussed recovery arrangements, and established outcome-centric HR systems.



Building on earlier governance reforms in terms of arm's length selection of top bank management through Banks Board Bureau and introduction of non-executive chairpersons, during the year Government widened the talent pool for such selections, empowered bank Boards, strengthened the Board committees system, enhanced effectiveness of non-official directors, and initiated leadership development and asked bank Boards to institute succession planning for the senior executives. In larger nationalised banks, Executive Director strength has been increased and Boards empowered to introduce Chief General Manager level to cater to increased business.



Stressed assets management verticals for focused slippage prevention and recovery in large-value stressed loans have been set up. There has been sharp fall in stressed loans.PSBs have adopted tech-enabled, smart banking in all areas, setting up retail and MSME Loan Management Systems for reduced loan turnaround time, PSBloansin59 minutes.com and TReDS for digital lending, and OTS platforms and e-Bक्रय stressed assets auction platform for effective recovery.

Governance reforms

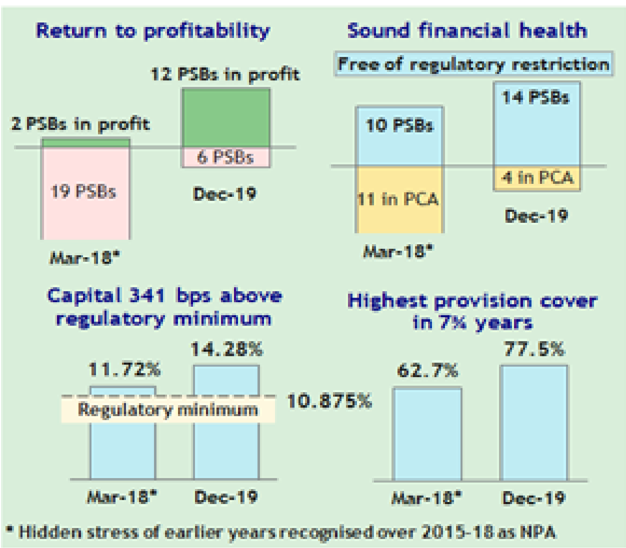
Selection of top management not done independently	Selection at arm's length through Banks Board Bureau	✓
MD being Chairman weakened Board oversight	Non-executive Chairman introduced	✓
MD selection from within banks of same category	Pool for MD selection widened and market recruitment introduced	✓
No change in organisational structure despite increase in business and operation and technological complexity	Boards afforded flexibility for change in organisational structure with additional Executive Director (ED), introduction of CGMs and market recruitment of CRO	✓
MDs and EDs appointed for full term without any performance review	Performance-based extensions of MDs and EDs	✓
No role to Board in appraising MD and ED performance	MD and ED performance appraisals entrusted to Boards	✓
Non-official directors (NODs) not made effective use of	NODs given role analogous to independent directors, and their training and peer-evaluation introduced	✓
Difficulties in working of the Board committee system	Board committees system rationalised and strengthened	✓
No succession planning or leadership development programme	Creation of leadership pipeline initiated, Boards to institute succession planning system with Individual Development Plans for senior executive positions	✓

2.2 Turnaround in performance of PSBs

Since the institution of comprehensive reform in the second half of FY 2017-18 following the completion of recognition of legacy stress as NPA, PSBs have returned to profitability with sound financial health and durable technology-enabled systems to prevent recurrence of past weaknesses. This is reflected in–

- Gross NPAs reducing from Rs.8.96 lakh crore (14.6%) in March 2018 to Rs.7.16 lakh crore (11.3%) in December 2019;
- Sharp decline in fraud amount by occurrence from 0.65% of advances during the period from FY 2009-10 to FY 2013-14, to 0.20% during the period from FY 2017-18 to FY 2019-20 (till December 2019);
- Record recovery of Rs.2.04 lakh crore in during the period from FY 2018-19 to FY 2019-20 (till December 2019);
- Reduction in the number of PSBs placed under RBI's Prompt Corrective Action framework from 11 to 4;
- As many as 12 PSBs reporting profits in the first 9 months of FY 2019-20, amounting to Rs. 508 crore;
- The Capital to Risk-weighted Assets Ratio (CRAR) being 341 basis points above the regulatory minimum of 10.875%, at 14.28% in December 2019; and
- The highest provision coverage ratio in 7¾ years at 77.5% in December 2019.

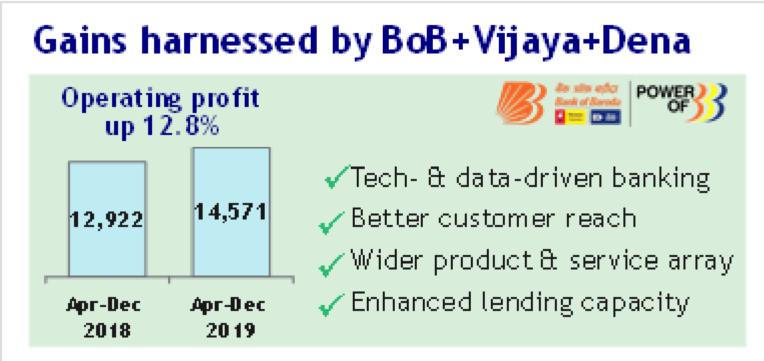
Robust PSBs



Thus, over the last five years, PSBs have not only cleaned up legacy stress and addressed underlying systemic weaknesses, but have emerged stronger as a result of comprehensive and institutionalised EASE reforms.

2.3 Amalgamation of Public Sector Banks

With reforms strengthening the banks and instituting robust systems across PSBs, the potential for inter-bank synergy and scale benefits has been harnessed through the merger of six banks into State Bank of India and amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank, which has significantly improved the operating efficiency of the consolidated banks.

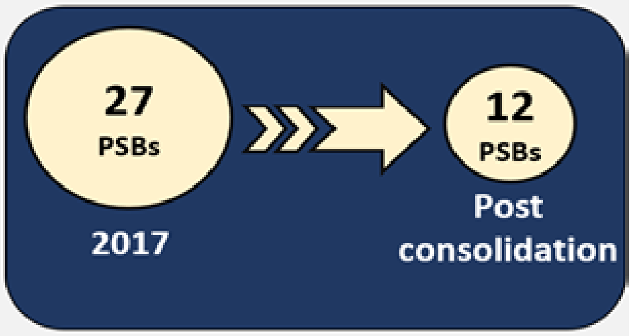


Government approved in-principle amalgamation of 10 PSBs into 4 PSBs. This would enable investments in technology, better customer reach, wider array of products and services, enhanced lending capacity and improved operating efficiency.

Anchor bank	Amalgamating bank(s)	Business size*	PSB rank by size	CBS
Punjab National Bank	Oriental Bank of Commerce United Bank of India	₹ 17.94 lakh cr.	2nd largest	Finacle
Canara Bank	Syndicate Bank	₹ 15.20 lakh cr.	4th largest	iFlex
Union Bank of India	Andhra Bank Corporation Bank	₹ 14.59 lakh cr.	5th largest	Finacle
Indian Bank	Allahabad Bank	₹ 8.08 lakh cr.	7th largest	BaNCS
SBI	Amalgamated earlier	₹ 52.05 lakh cr.		
Bank of Baroda	Amalgamated earlier	₹ 16.13 lakh cr.		

Bank	Business size*
Bank of India	₹ 9.03 lakh cr.
Central Bank of India	₹ 4.68 lakh cr.

Bank	Business size*
Indian Overseas Bank	₹ 3.75 lakh cr.
UCO Bank	₹ 3.17 lakh cr.
Bank of Maharashtra	₹ 2.34 lakh cr.
Punjab and Sind Bank	₹ 1.71 lakh cr.



* March 2019 financials

2.4 Measures taken to support credit

Following default in a large infrastructure non-banking financial company (NBFC) in September 2018, the growth of credit from the NBFC sector slowed down to 16.0% by September 2019 (as per RBI's Report on Trend and Progress of Banking in India 2018-19). To address credit concerns and facilitate lending, a number of steps have been taken, including, *inter alia,* the following:

(A) To address concerns related to credit default,—

(i) Overall positive liquidity has been maintained in the financial system.

(ii) The NBFC sector has received liquidity support through—

(a) National Housing Bank's Liquidity Infusion Facility (LIFt) for refinance to Housing Finance Companies (HFCs) for affordable housing;

(b) Substantial increase in credit extended by banks;

(c) Partial Credit Guarantee Scheme for purchase of high-rated pooled assets of NBFCs;

(d) Bank credit to NBFCs for on-lending being classified as priority sector; and

(e) Banks co-originating loans with NBFCs.

(iii) Financing for stalled housing projects in the affordable and middle-income housing sector has been enabled through an Alternate Investment Fund. NBFCs, including HFCs, are also eligible for such finance.

(iv) Mechanism for resolution of stress in NBFCs has been created by empowering RBI to take action in this regard through amendments effected to the Reserve Bank of India Act, 1934 and bringing NBFCs with asset size of Rs. 500 crore and above within the ambit of resolution under the Insolvency and Bankruptcy Code, 2016 (IBC).

(v) Concerns in lending to stressed entities in respect of which market perception regarding risk of credit default is higher have been addressed by improvements made in respect of resolution under IBC, in terms of—

(a) Protecting the primacy of secured creditors in realisation from secured assets;

(b) Bringing the resolution and bankruptcy of personal guarantors of corporate debtors within the ambit of the resolution process; and

(c) Ring-fencing resolved corporate debtor in favour of successful resolution applicant, from criminal proceedings against offences committed by previous management/ promoters.

(B) To address concerns related to incidents of fraud,—

(i) The Prevention of Corruption Act, 1988 has been amended to prohibit conduct of inquiry/ investigation of offences relatable to decision taken by public servant in discharge of functions, without previous approval of the authority competent to remove him.

(ii) An Advisory Board for Banking and Financial Frauds has been set up for distinguishing between commercial failure and criminal act in cases of suspected frauds over Rs. 50 crore, before initiation of investigation by the Central Bureau of Investigation.

(C) To facilitate and incentivise lending—

(i) By reduction in lending rates, for which—

(a) successive cuts were effected in the benchmark Repo rate since February 2019, resulting in the weighted average lending rate of banks on fresh loans reducing by 69 basis points till December 2019,

(b) fresh floating loans for retail and micro, small and medium enterprises (MSME) lending have been linked to an external benchmark rate, and

(c) RBI announced relief in the Cash Reserve Ratio requirement of banks on incremental outstanding loans for automobiles, residential housing and MSMEs between 31.1.2020 and 31.7.2020;

(ii) To MSMEs, measures taken include—

(a) introduction of a scheme for restructuring of loans,

(b) up to 25% enhancement by PSBs in existing working capital limits in standard MSME accounts,

(c) launch of an MSME Outreach Initiative by PSBs,

(d) online bill discounting via Trade Receivables electronic Discounting System (TReDS) platform, and

(e) time-bound in-principle approval on the PSBloansin59minutes.com platform;

(iii) For export, measures taken include—

(a) expanding the eligibility for classification of such credit as priority sector lending, and

(b) infusing capital in Exim Bank;

(iv) For retail, measures taken include—

(a) reduction in risk weight on consumer loans other than on credit cards, and

(b) introduction of in-principle approvals for retail lending through PSBloansin59minutes.com; and

(v) For infrastructure, equity support has been provided to India Infrastructure Finance Company Limited (IIFCL) to enable it to borrow and finance infrastructure projects.

2.5 Ensuring security of depositors

To ensure security of depositors across banks, insurance coverage for depositors in insured banks has been increased from Rs. 1 lakh to Rs. 5 lakh per depositor. Further, in the Budget speech on 1.2.2020, an announcement has been made regarding to amendments to the Banking Regulation Act. The aim is to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight for sound banking through RBI, and by ensuring professionalism and enabling their access to capital.

3. Financial Inclusion

The Government initiated the National Mission for Financial Inclusion (NMFI), namely, Pradhan Mantri Jan Dhan Yojana (PMJDY) in August, 2014 to provide universal banking services for every unbanked household, based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving the unserved and underserved areas.

3.1. Access to banking

Banking Service Points: PMJDY aimed at providing banking service points throughout rural India by mapping over 6 lakh villages into 1.6 lakh Sub Service Areas (SSAs). Each SSA typically comprised of 1,000-1,500 households. Out of 1.6 lakh SSAs, 1.3 lakh SSAs are covered through interoperable, online BCs and remaining 30,000 are covered through bank branches. BCs deployed in rural areas also provide interoperable Aadhaar Enabled Payment System (AePS) banking services.

The strength of bank branches and ATMs has been augmented over the years. The number of bank branches, ATMs are as under:

Table1 : Number of bank branches of Scheduled Commercial Banks

AS ON	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2015	45,068	34,965	22,232	23,386	125,651
31.03.2016	48,180	37,673	23,812	24,824	134,489
31.03.2017	49,790	39,121	24,860	25,898	139,669
31.03.2018	50,768	39,690	25,155	25,825	141,438
31.03.2019	51,566	41,154	26,106	26,491	145,317
30.06.2019	51,658	41,264	26,182	26,528	145,632

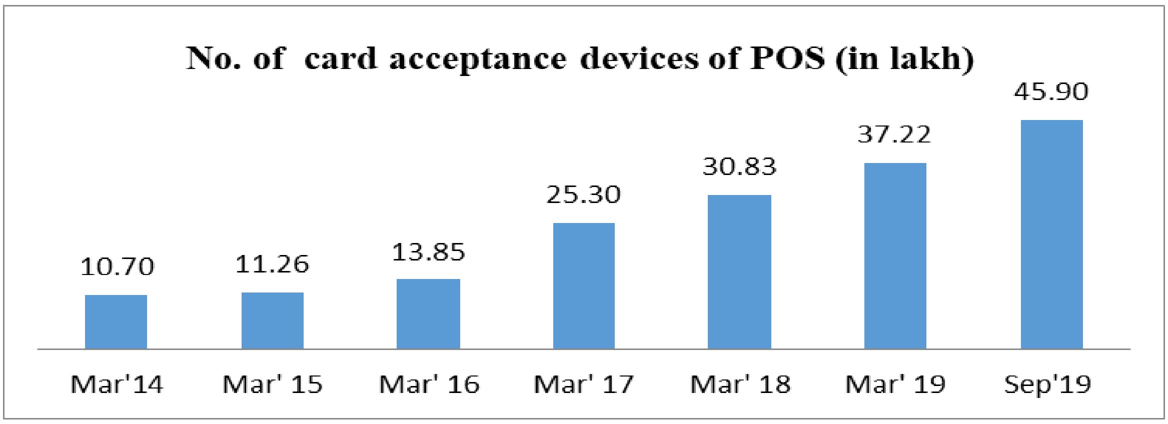
Source: RBI

Table2: Number of ATMs of Scheduled Commercial Banks (SCBs), Small finance Banks (SFBs), Payment Banks (PBs) and White Label ATM Operators

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2014	76676	83379	160055
31.03.2015	92337	89061	181398
31.03.2016	97149	101950	199099
31.03.2017#	112666 #	109809	222475#
31.03.2018#	115471 #	106776	222247#
31.03.2019#	115323#	106380	221703#
30.09.2019#	118467#	109419	227886#

Source: RBI *# includes ATMs deployed by White Label ATM Operators.*

The number of card acceptance devices of Point of Sale (POS) has increased from 10.7 lakh in March 2014 to 45.90 lakh in September 2019. The growth in the number over the years is given in the graph below.



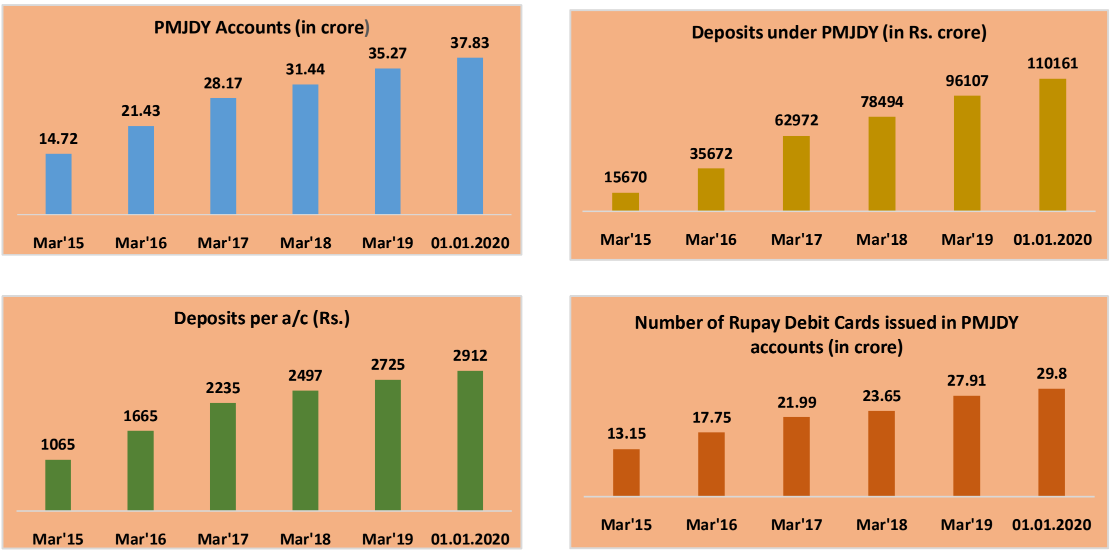
Source: RBI

3.2 Performance of PMJDY

The result of the consistent and coordinated efforts of the Government in respect of FI related interventions in the country is reflected in terms of 37.83 crore Jan-Dhan accounts opened till 01.01.2020 under PMJDY, with a deposit balance of over Rs.1,10,161 crore. While there are 53.31% women Jan-Dhan account holders, about 58.68% accounts are in rural and semi-urban areas. Approximately 29.80 crore RuPay cards, with an inbuilt accidental insurance coverage have also been provided to PMJDY account holders.

Major trends under PMJDY in terms of opening of accounts, deposit balance, average deposit balance, etc. over the time are as under:

PMJDY – Foundation of Financial Inclusion laid



3.2.1 RuPay Debit cards: 29.80 crore RuPay debit cards have been issued till 31.12.2019 to PMJDY account-holders. Apart from banking convenience, these cards come with an inbuilt accident insurance cover of Rs.2 lakh. As on 20.12.2019**,** a total 5,894 accidental claims under this RuPay card linked insurance coverage have been paid.

3.2.2 Overdraft facility for PMJDY account holders: An overdraft facility up to Rs.5,000 (since enhanced to INR 10,000) after satisfactory operation in the account for six months is available to provide hassle free credit to the beneficiaries under PMJDY.

3.2.3 Rapid financial inclusion of women: Under PMJDY, accounts opened by women accounts constitute 53.31% of the total Jan Dhan accounts as on 01.01.2020.

3.2.4 Rapid growth in deposits in the PMJDY accounts: As against an average balance of Rs.1,065 in accounts opened under PMJDY in March 2015, the average balance has grown to Rs.2,912 as on 31.12.2019 with an overall balance in PMJDY accounts of Rs.1,10,161 crore.

3.2.5 Enablement of interoperable, speedy and accurate transactions, through linking of accounts with Aadhaar number: With 80.7% operative accounts opened under PMJDY seeded with Aadhaar number on user consent basis, customers have been enabled for interoperable and immediate Aadhaar-enabled transactions, including those for direct benefit transfer.

3.2.6 With a view to further deepening the financial inclusion interventions in the country, PMJDY has been extended beyond 14.8.2018 with the focus on opening of accounts shifting from "every household" to "every unbanked adult" with added emphasis on usage of accounts by enhancing Direct benefit (DBT) flows through these accounts, adoption of social security schemes, promoting digital payments, etc. Some other modifications were also made to the existing schemes which are as follows:

i. Existing Over Draft (OD) limit of Rs. 5,000 revised to Rs.10,000;

ii. There will not be any conditions attached for OD upto Rs.2,000;

iii. Age limit for availing OD facility revised from 18-60 years to 18-65 years; and

iv. The accidental insurance cover for new RuPay card holders raised from existing Rs.1 lakh to Rs.2 lakh to new PMJDY accounts opened after 28.8.2018.

3.3 A digital pipeline has been laid for the implementation of PMJDY through linking of Jan-Dhan account with mobile and Aadhaar [Jan Dhan-Aadhaar-Mobile (JAM)].This infrastructure pipeline is providing the necessary backbone for DBT flows, adoption of social security/pension schemes, facilitating credit flows and promoting digital payments through use of Rupay Cards and thereby accelerating the pace of attaining the goal of a secured, insured, digitalized and a financially empowered society. Around 8 core PMJDY accounts are receiving Direct Benefit Transfers (DBTs) credits under various schemes of the Government. The Department is regularly monitoring the issue of rejection/failure cases under DBT on account of avoidable cases, as identified by National Payments Corporation of India (NPCI) with objective to minimise the failure rate so that eligible beneficiaries receive timely DBT credit.

3.4 Promotion of Aadhaar-based biometric authentication and digital payment solutions:

A digital revolution is in the making with more than 125 crore digital identity generated through Aadhaar; further, mobile seeding in bank account enables them to authenticate and carry out financial transactions. Using biometric ID, highly cost-effective payments solutions have been created both for banking services and for retail payments. There has been significant growth in digital transactions- Unified Payments Interface (UPI), Immediate Payment Service (IMPS), RuPay Debit card etc. in the financial year, 2019-20 (till November'19) which is illustrated as under:

i. UPI: there were 733 crore transactions amounting to Rs.12,840 crore.

ii. RuPay Debit card at POS and E-Commerce: there were 96 crore transactions amounting to Rs.1,136 crore.

iii. IMPS: there were 160 crore transactions amounting to Rs.14,933 crore.

Further, there were 56.26 crore inter-bank transactions through Aadhaar Enabled Payment System (AePS).

3.5. Jan Dhan Darshak, a mobile application, was launched in 2018 to provide a citizen centric platform for locating banking touch points such as bank branches, ATMs, Bank Mitras, Post Offices, etc. in the country. Over 6 lakh banking touchpoints have been mapped on the GIS App. The facilities under Jan Dhan Darshak App could be availed as per the need and convenience of common people. The web version of this application could be accessed at the link http://findmybank.gov.in. The Jan Dhan Darshak App is also being used for identification of unbanked inhabited villages not having a banking touch point through the GIS mapping facility available through this App and thereupon opening banking touch point within a distance of 5 km of the identified villages.

4. Schemes

4.1 Pradhan Mantri Mudra Yojana

An important aspect of financial inclusion is enabling the flow of credit to small businesses. In pursuance of the announcement in the Union Budget 2015-16, the Pradhan Mantri Mudra Yojana (PMMY) launched on 8th April, 2015 and the Micro Units Development Finance Agency (MUDRA) Ltd. was established as a wholly owned subsidiary of SIDBI.

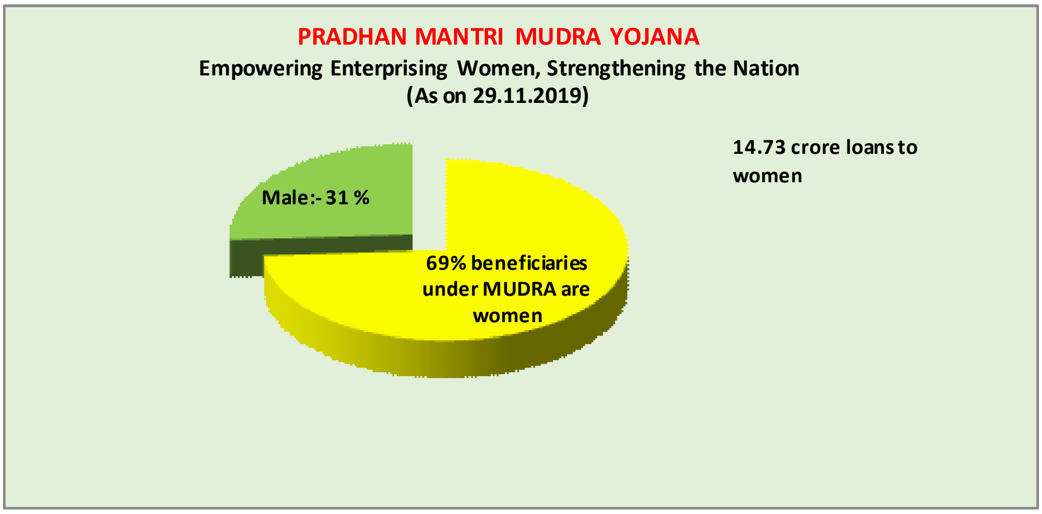
For achieving sustained expansion in the flow of credit to the non-corporate small business sector, loans up to Rs. 10 lakh without collateral are extended to borrowers under PMMY. These loans are extended through partner Member Lending Institutions (MLIs) – such as Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Micro-Finance Institutions (MFIs). In turn, MUDRA Ltd. offers refinance to MLIs for PMMY loans extended by them.

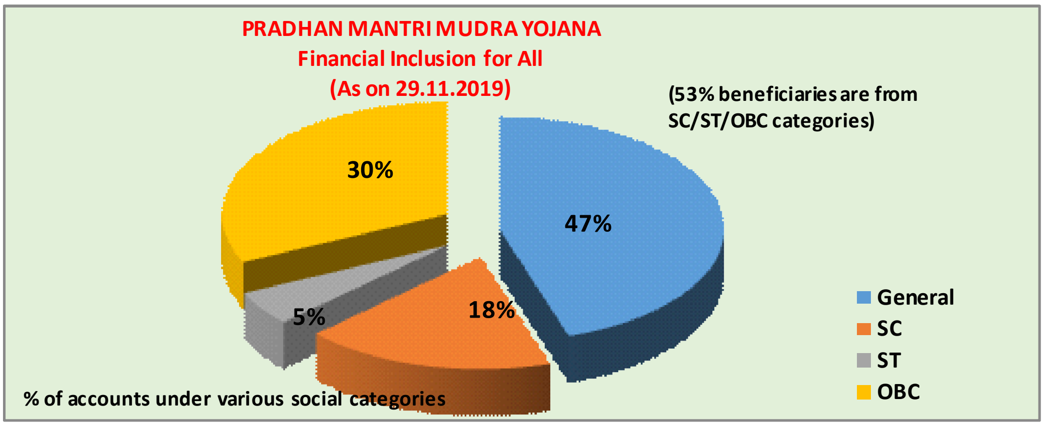
The loans under PMMY are categorized as Shishu (up to Rs.50,000), Kishore (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5 lakh to Rs.10 lakh). Activities allied to agriculture and services supporting these (excluding crop loans, land improvement such as canals, irrigation, wells) have also been included under PMMY from April 2016.

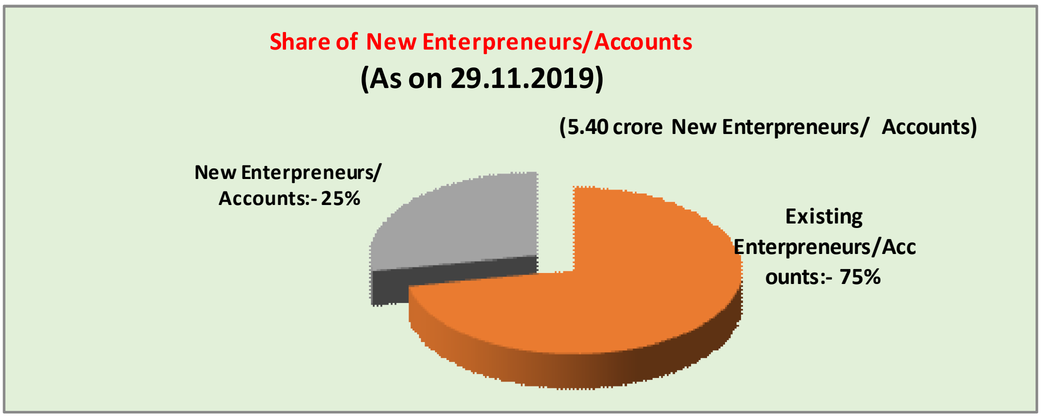
PMMY credit rose from Rs.1,37,449 crore in 2015-16 to Rs.3,21,722 crore in 2018-19. More than 18 crore loans were extended of which 89% loans were under SHISHU Category, 70% loans to Women & 52% loans to SC/ST/OBC. During 2019-20, till 27.12.2019, 3.33 crore loans were sanctioned amounting to Rs.1,69,374 crore. Since the inception of the scheme, 21.59 crore loans have been sanctioned amounting to Rs.10,62,750 crore.

Table3 : Pradhan Mantri Mudra Yojana (Year-wise data)

PMMY	2015-16	2016-17	2017-18	2018-19	2019-20 (till 27.12.2019)	Total (as on 27.12.2019)
No. of Accounts (in crore)	3.49	3.97	4.81	5.99	3.33	21.59
Loan Amount Sanctioned (Rs. in crore)	1,37,449	1,80,528	2,53,677	3,21,722	1,69,374	10,62,750







4.2 Stand Up India Scheme

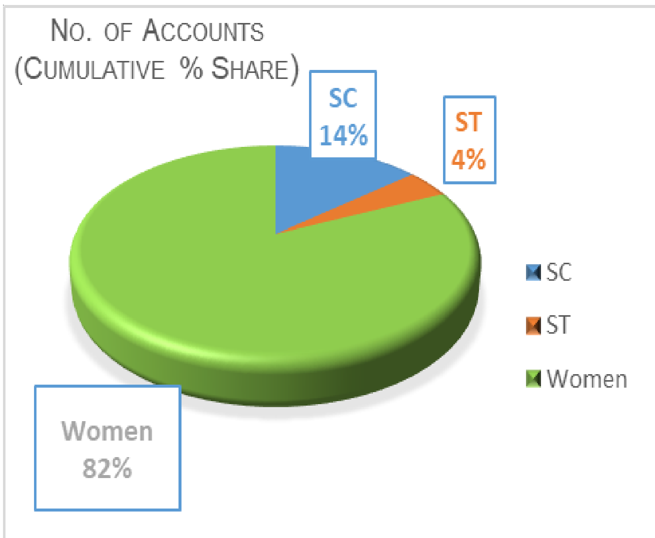
Government of India launched the Stand Up India scheme on 5th April, 2016. Stand Up India scheme aims to promote entrepreneurship amongst women, SC & ST category i.e those sections of the population understood to be facing significant hurdles due to lack of advice/ mentorship as well as inadequate and delayed credit. The Scheme intends to leverage the institutional credit structure to reach out to these underserved sectors of the population in starting Greenfield enterprise. The Scheme facilitates bank loans between Rs.10 lakh to Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one Woman borrower per bank branch of Scheduled Commercial Banks for setting up Greenfield enterprises in trading, manufacturing and services sector.

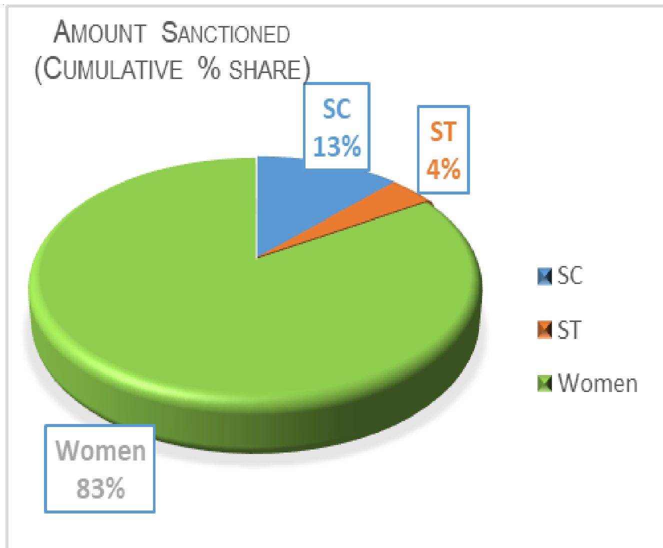
To extend collateral free coverage, Government of India has set up the Credit Guarantee Fund for Stand Up India (CGFSI). The scheme is built on the concept of providing handholding support to those borrowers who might have a project in mind but lack the confidence and capability to start a new enterprises. Apart from providing credit facility, Stand Up India Scheme also envisages extending handholding support to potential borrowers. It also provides for convergence with Central/State Government schemes. Applications under the scheme can also be made online, on the Stand Up India portal *(www.standupmitra.in)*.

The total number of SC/ST and Woman borrowers extended loans under Stand Up India scheme and the total sanctioned amount as on 31.12.2019 and since inception are tabulated below.

Table 4: Stand Up India as on 31.12.2019 (cumulative)

Performance under Stand Up India Scheme (Amount. in Rs. Crore)								
Date	SC		ST		Women		Total	
	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.
31.12.2019	12,271	2,509.26	3,561	755.66	70,808	16,186.58	86,640	1,9451.50





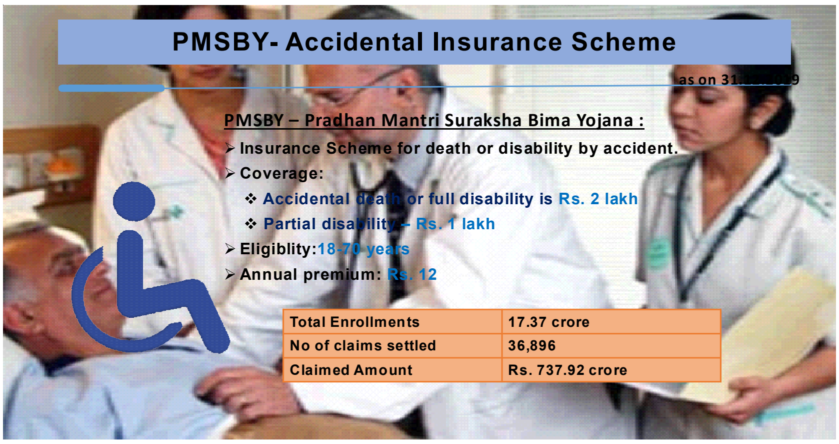
4.3 Social Security Schemes

In order to move towards creating a universal social security system for all Indians, especially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for 2015-16. The schemes were launched on 9th May, 2015, for providing life & accident risk insurance and social security at a very affordable cost namely (a) Pradhan Mantri Suraksha Bima Yojana and (b) Pradhan Mantri Jeevan Jyoti Yojana and (c) Atal Pension Yojana.

4.3.1 Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The Scheme is available to people in the age group 18 to 70 years with a bank / Post office 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. The risk coverage under the scheme is Rs.2 lakh for accidental death and full disability and Rs.1 lakh for partial disability. The premium of Rs.12 per annum is to be deducted from the account holder's bank / Post office account through 'auto-debit' facility in one instalment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

As on 31st December, 2019 the gross enrolment by banks subject to verification of eligibility criteria is about 17.37 crore under PMSBY and 36,896 claims of Rs.737.92 crore have been disbursed.



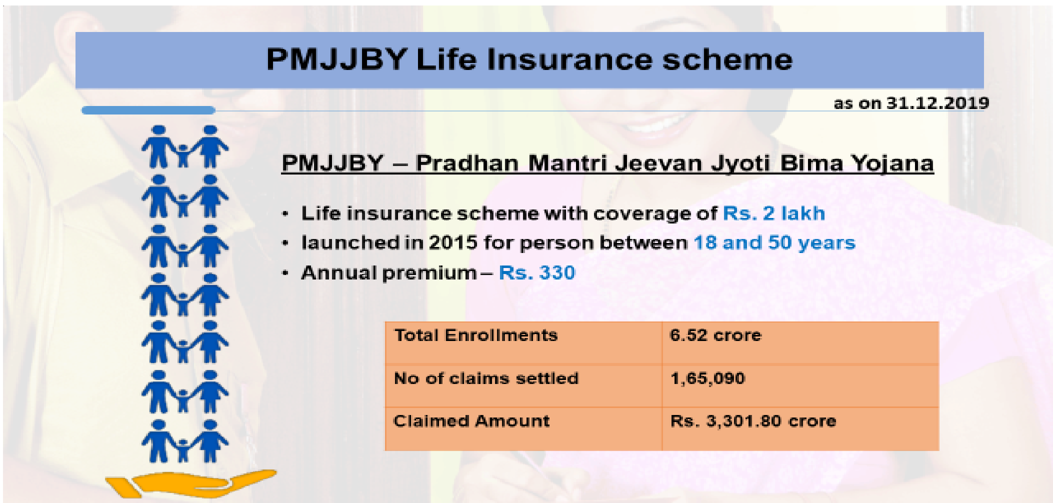
4.3.2 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

The scheme is available to people in the age group of 18 to 50 years having a bank / Post office account who give their consent to join / enable auto-debit. The life cover of Rs.2 lakhs is available for a one year period stretching from 1st June to 31st May and is 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 / Post office 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 offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

To facilitate all those getting enrolled under PMJJBY for the first time during the middle of the policy period, payment of pro-rata premium has been allowed at a considerable low premium. Thus, if the enrolment takes place during the months of –

- June, July & August –Annual premium of Rs.330/- is payable.
- September, October & November –3 quarters of premium @ Rs.86.00 i.e. Rs.258/- is payable.
- December, January & February – 2 quarters of premium @ Rs.86.00 i.e. Rs.172/-is payable.
- March, April & May – 1 Qly premium @ Rs.86.00 is payable.

As on 31st December 2019 the gross enrolment by banks, subject to verification of eligibility criteria, is about 6.52 crore people under PMJJBY; and 1,65,090 claims amounting to a total of Rs.3,301.80 Crore have been disbursed.



4.3.3 Atal Pension Yojana

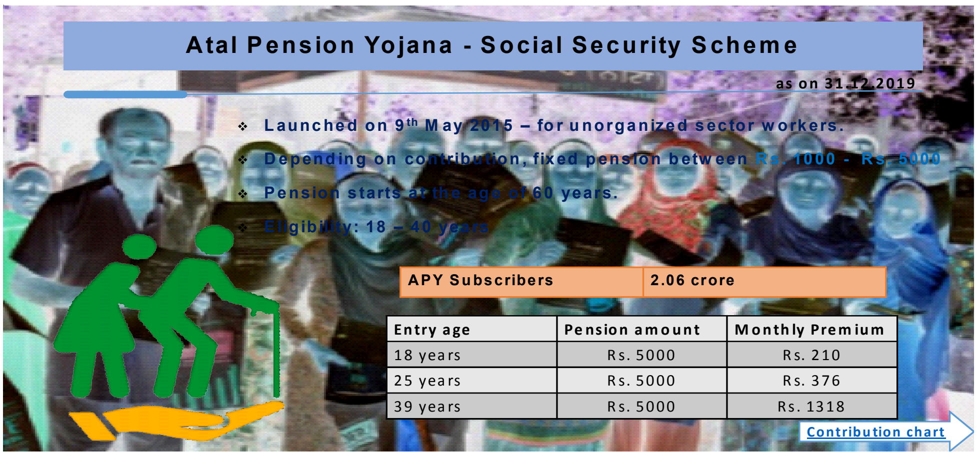
Atal Pension Yojana (APY) was launched by the Hon'ble Prime Minister on 9th May, 2015, and is being implemented with effect from 1st June, 2015. The Scheme aims to provide monthly pension to eligible subscribers not covered under any organized pension scheme. APY is open to all bank and post office account holders in the age group of 18 to 40 years. Under this Scheme, any subscriber can opt for a guaranteed pension of Rs.1,000 to Rs.5,000 (in multiples of Rs.1,000) receivable at the age of 60 years. The contributions to be made vary based on pension amount chosen and the age at time of enrolment. The key features of APY are as under:

- Any Indian Citizen between 18-40 years of age can join through their savings bank account or post office savings bank account.
- Minimum pension of Rs.1,000 or Rs.2,000 or Rs.3,000 or Rs.4,000 or Rs.5,000 is guaranteed by the Government of India to the subscriber at the age of 60 years, with a minimum monthly contribution (for those joining at age 18) of Rs. 42 or Rs. 84 or Rs.126 or Rs.168 and Rs.210, respectively.
- After the subscriber's demise, the spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse.
- After the demise of both the subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.
- The subscribers in the eligible age, who are not income-tax payers and who are not covered under any statutory social security scheme, are entitled to receive the co-contribution by Central Government of 50% of the total prescribed contribution, up to Rs.1,000 per annum, and this will be available for those eligible subscribers, who join APY before 31st March, 2016. The Central Government co-contribution shall be available for a period of 5 years, i.e., from Financial Year 2015-16 to 2019-20.
- If the actual returns during the accumulation phase are higher than the assumed returns for minimum guaranteed pension, such excess will be passed on to the subscriber.
- The contributions can be made at monthly / quarterly / half yearly intervals through auto debit facility from savings bank account/ post office savings bank account of the subscriber. The monthly / quarterly / half yearly contribution depends upon the intended / desired monthly pension and the age of subscriber at entry.

Major steps have been initiated by the Government to popularize create awareness about APY:

- Simplification of default penal charges.
- The mode of payment has been changed from monthly to monthly, quarterly and half yearly keeping in consideration the seasonal income earners.
- Removal of closure of account clause after 24 months and continuation of the account till the time corpus is available in the account.
- Periodic advertisements in print and electronic media.
- Capacity building of bank branch officials through various training programs.
- Participating in town hall meetings, SLBC meetings.

As on 31st December, 2019, the number of subscribers under APY is 2.06 Crore with contribution of Rs.8,818 crore uploaded by banks.

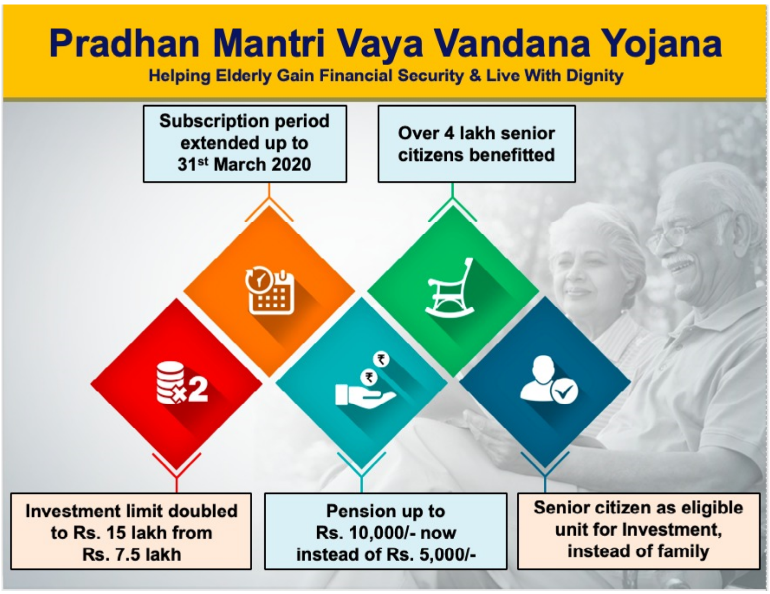


4.4 Pradhan Mantri Vaya Vandana Yojana

Pradhan Mantri Vaya Vandana Yojana was launched by the Government to protect elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions, as also to provide social security during old age. The scheme is implemented through the Life Insurance Corporation of India (LIC) and provides an assured return of 8% per annum for 10 years. Mode of pension payment under the Yojana is on a monthly, quarterly, half-yearly or annual basis depending on the option exercised by the subscriber.

The scheme was initially open for subscription for a period of one year i.e. from 4th May, 2017 to 3rd May, 2018. Further, the minimum purchase price under the scheme was Rs.1.5 lakh per family for a minimum pension of Rs.1,000/- per month and the maximum purchase price was Rs.7.5 lakh per family for a maximum pension of Rs.5,000/- per month.

In pursuance to Budget Announcement 2018-19, the Pradhan Mantri Vaya Vandana Yojana has been extended up to 31st March, 2020. The limit of maximum purchase price of Rs.7.5 lakh per family under the scheme has also been enhanced to Rs.15 lakh per senior citizen. Accordingly, the maximum pension admissible under the scheme is now Rs.10,000/- per month. The minimum purchase price under the scheme is Rs.1.5 lakh for a minimum pension of Rs.1,000/- per month. As on 15.12.2019, a total number of 4,14,351 subscribers consisting corpus of Rs.32,356.78 Crore are being benefited under PMVVY.



5. Agriculture Credit

In order to boost the agriculture sector with the help of effective and hassle-free agriculture credit, the Government has been fixing annual targets for ground level agriculture credit by Scheduled Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks.

As against the annual target of Rs.11,00,000 crore for 2018-19, agriculture credit to the tune of Rs.12,56,829.62 crore was disbursed during 2018-19, registering 114.26 % achievement. As on 30th Sept 2019, Rs.7,05,417 crore was disbursed (Provisional) against annual target of 13,50,000 crore, registering 52.25 % achievement in the first six months.

5.1 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. NABARD monitors the scheme in respect of Cooperative Banks and RRBs, whereas RBI monitors the scheme in respect of Commercial Banks.

The facility of KCC along with interest subvention has been extended to Animal Husbandry farmers and Fisheries to help them meet their working capital requirements.

5.2 Rural Infrastructure Development Fund (RIDF)

The Government of India had set up Rural Infrastructure Development Fund (RIDF) in NABARD with the objective of providing low cost fund support to the States to facilitate quick completion of ongoing rural infrastructure projects, which were languishing for want of resources. RIDF, with 37 activities under its scope, has emerged as a dependable source of public funding of impactful rural infrastructure projects.

The annual allocation of funds under RIDF has gradually increased from Rs.2,000 crore in 1995-96 (RIDF I) to Rs.28,000 crore in 2019-20 (RIDF XXV). As against the allocation of Rs.28,000 crore made during 2019-20 for RIDF under Tranche XXV, sanctions to the tune of Rs.7,841.28 crore were accorded to various State Governments(Projected/estimated to be Rs.28,000 crore by 31 March 2020).

The aggregate allocation till 30 November 2019 has reached Rs.3,48,500 crore, including Rs.18,500 crore for the Bharat Nirman component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII-XV.

Impact evaluation studies on projects funded under RIDF have revealed diverse positive socio-economic developmental outcomes in rural areas. These projects have brought about an improvement in quality of rural life and income levels, besides strengthening the rural banking system and credit absorption capacity.

5.3 Short Term Cooperative Rural Credit (Refinance) Fund

The Short Term Cooperative Rural Credit-STCRC (Refinance) Fund was set up in NABARD in 2008-09 with an initial corpus of Rs.5,000 crore to provide Short Term refinance to Cooperative Banks so as to ensure increased and uninterrupted credit flow to farmers at concessional rate of interest. NABARD provides refinance to Cooperative bank at an interest rate of 4.5% per annum for crop loans upto Rs.3.00 lakh disbursed by cooperative banks at an interest rate of 7% per annum to ultimate borrowers. An allocation of Rs.45,000 crore has been made for the STCRC (Refinance) Fund during 2019-20**.** As on 30.11.2019, Rs.26,193.33 crore has been utilised out of STCRC (Refinance) Fund during 2019-20.

5.4 Short Term Regional Rural Bank (Refinance) Fund

The Short Term Regional Rural Bank (Refinance) (STRRB) Fund was set up with an allocation of Rs.10,000 crore in 2012-13, so as to enable NABARD to provide Short Term refinance to RRBs to meet their crop loan lending obligations. NABARD provides refinance to RRBs at an interest rate of 4.5 % per annum for crop loans upto Rs.3.00 lakh disbursed by RRBs at an interest rate of 7% per annum to ultimate borrowers. The allocation under STRRB Fund was at Rs.10,000 crore during 2019-20. As on 30.11.2019, Rs.4,991.04 crore has been utilised out of STRRB (Refinance) Fund during 2019-20.

5.5 Long Term Rural Credit Fund (LTRCF):

This fund has been set up for the purpose of providing long-term refinance support to Cooperative Banks and Regional Rural Banks for their lending towards investment activities in agriculture. Government has allocated Rs.15,000 crore to this fund during 2019-20. As on 30.11.2019, Rs.5,062.38 crore has been utilised out of LTRCF during 2019-20.

5.6 Strengthening the Capital Base of NABARD

NABARD Amendment Act 2018 has been notified on 19.01.2018 which empowers the Government to increase the authorised capital of NABARD from Rs.5,000 crore to Rs.30,000 crore and to increase it beyond Rs.30,000 crore in consultation with RBI as deemed necessary from time to time. This will enable NABARD to potentially increase its borrowing in future for funding the large investments being made in rural infrastructure in sectors like irrigation, housing, universal sanitation, dairy, fisheries etc.

During 2019-20, equity support of Rs.1,500 crore has been provided to NABARD to enable it to fulfil its lending commitment under various Government initiatives including the flagship programmes i.e. PMAY-G, LTIF and Swatch Bharat Mission. Total paid up capital as on 30.11.2019 in respect of NABARD is Rs.14,080 crore.

5.7 Role of NABARD in Government of India Initiatives

5.7.1 Long Term Irrigation Fund (LTIF)

The Government of India, in the Department of Water Resources, River Development and Ganga Rejuvenation, Ministry of Jal Shakti (earlier Ministry of Water Resources) has taken a major initiative to complete various stalled major/medium irrigation projects in the country, for which a Long Term Irrigation Fund (LTIF) was set up in NABARD. As on 30 November 2019, against the total estimated amount of Rs.77,908 crore for the 99 identified projects, NABARD sanctioned amounts to the tune of Rs.70,654.44 crore for 99 identified projects, Rs.6,381.54 crore for the Polavaram Irrigation project, Rs.1,378.61 crore for North Koel Reservoir Project, Rs.485.35 crore for Shahpurkandi Dam and Rs.826.17 crore for Relining of Sirhind and Rajasthan Feeder. The cumulative amount released against sanction of 99 identified projects stood at Rs.30,549.66 crore. Similarly for Polavaram Irrigation project, North Koel Reservoir Project and Shahpurkandi Dam Project, cumulative releases stood at Rs.5,814.15 crore, Rs.659.70 crore for and Rs.60.00 crore, respectively.

5.7.2 Pradhan Mantri AwaasYojana- Gramin (PMAY-G)

The Government of India in the Ministry of Rural Development launched 'Pradhan Mantri Awaas Yojana-Gramin' (PMAY-G) on 1st April 2016, with an objective to ensure "Housing for All" by 2022. Under the scheme, one crore houses were to be constructed in Phase-I, over a period of 3 years, viz., 2016-17 to 2018-19, for which Central Share requirement was estimated at Rs.81,975 crore, out of which Rs.21,975 crore was to be raised through borrowing from NABARD. As on 30th November 2019, the cumulative amount sanctioned and released by NABARD under PMAY-G stood at Rs.21,975 crore and Rs.18,008.23 crore respectively.

5.7.3 Swachh Bharat Mission – Gramin (SBM-G)

The Government of India in the Ministry of Jal Shakti (earlier Ministry of Drinking Water & Sanitation), launched SBM-G on 2nd October 2014 with the goal to achieve universal sanitation coverage in rural areas by 2nd October 2019. For the construction of around 3 crore Individual House Hold Toilets, 1500 Community Sanitary Complexes and Solid & Liquid Resources Management works during 2018-19, the total fund requirement towards Central Share was estimated at Rs.30,343 crore, out of which Rs.15,000 crore was to be raised through borrowing from NABARD. As on 30 November 2019, NABARD has sanctioned loan of Rs.15,000 crore for the purpose, against which Rs.8,698.20 crore has been released.

6 Regional Rural Banks

Revitalizing Regional Rural Banks (RRBs)

With a view to strengthening the RRBs for playing a greater role in agriculture, rural lending and financial inclusion, many measures were taken.

6.1 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 21,747 as on 31st March, 2018 to 21,871 branches as on 31st March, 2019 covering 683 districts. During the year 2018-19, 124 new branches have been opened by RRBs. All branches of RRBs are on CBS Platform.

6.2 Capital Infusion for Improving CRAR

The Government of India has approved the proposal of Recapitalisation of Regional Rural Banks (RRBs) to continue the process of recapitalisation of RRBs up to 2019-20, for the RRBs who are unable to maintain minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9%.

During 2019-20, as on 30th September 2019, Government of India has released recapitalisation assistance in respect of 3 RRBs. They are Madhyanchal Gramin Bank (Rs.35.5969 crore), Utkal Gramin Bank (Rs.103.6431 crore) and Odisha Gramin Bank (Rs.41.2 crore). It is worthwhile to mention that the recapitalisation assistance sanctioned by GoI is met by GoI, Sponsor Bank and the concerned State Government in the proportion 50:35:15.

6.3 Amalgamation of RRBs

With a view to enable Regional Rural Banks (RRBs) to minimize their overhead expenses, optimize the use of technology, enhance the capital base and area of operation and increase their exposure, a roadmap for amalgamation of RRBs within a state was prepared in consultation with NABARD. The roadmap proposes to bring down the number of RRBs to 38 from 56.

Government of India, in FY 2019-20, has carried out the amalgamation of RRBs within a state as per the roadmap proposed by NABARD, which has brought down the number of RRBs to 45 with effect from 1st April 2019 from the 53 RRBs which were present on 31st March 2019 by amalgamating 16 RRBs into 8 RRBs in seven States of Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Tamil Nadu & Uttar Pradesh. Furthermore, amalgamation of Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank and Purvanchal Gramin Bank in the state of Uttar Pradesh will be effecting from 1st April 2020 and shall be named as Baroda UP Bank.

It is expected that amalgamation of RRBs will bring about better efficiency of scale, higher productivity, robust financial health of RRBs, improved financial inclusion and greater credit flow to rural areas.

6.4 Pension Scheme for Employees of RRBs

Consequent upon adoption of RRB Pension Scheme & Regulations 2018, by the Board of Directors of all RRBs and publication /notification of the Regulations in the Gazette of India, all RRBs have started the payment of pension to eligible pensioners/family pensioners.

6.5 Medium of examination for direct recruitment to certain levels in Regional Rural Bank

With a view to provide a level playing field and to expand employment possibilities for local youths, it has been decided that examination for direct recruitment of Officers (Scale-I) and Office Assistant (Multipurpose) in RRBs will be conducted in 13 regional languages in addition to English and Hindi. These 13 regional languages are Assamese, Bengali, Gujarati, Kannada, Konkani, Malayalam, Manipuri, Marathi, Oriya, Punjabi, Tamil, Telugu and Urdu. The candidates will, in addition to English and Hindi, also have the option to choose the regional language of the State that they have opted for, from among the above languages, as their medium of examination.This change has been implemented from the Mains examination of CRP RRB VIII (2019) onwards.

6.6 Financial Performance of RRBs

(Amount in Rs. crore)

	As on 31st March 2019	As on 30th September 2019
Owned Funds	32,141	33,003
Deposits	4,34,444	4,46,873
Loans & Advances	2,80,755	2,84,433
Non Performing Assets (NPAs)	30,317	31,819

6.6.1 Profitability & Accumulated Losses

During 2018-19, 39 RRBs earned profit of Rs. 1759 crore. However, 14 RRBs incurred losses during the year aggregating to Rs.2,411 crore. Therefore, RRBs as an entity incurred a net loss of Rs.652 crore during 2018-19 as against a net profit of Rs.1,501 crore earned during 2017-18.

The number of RRBs that had accumulated losses remained the same at 11 RRBs as on 31st March, 2019 as was the case on 31st March, 2018. The aggregate amount of accumulated losses of RRBs increased from Rs.1,866 crore as on 31st March, 2018 crore to Rs.2,887 crore as on as on 31st March, 2019.

7. 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. Domestic scheduled commercial banks and foreign banks with more than 20 branches 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 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.

As per the MSME Act, enterprises under both MSME Manufacturing and Services are classified as per respective investment under plant and machinery/ equipment. . Presently, bank loans to MSMEs engaged in services or manufacturing without any credit cap, are eligible for PSL classification.

Earlier, housing loans up to Rs.28 lacs in metro centres and Rs.20 lacs in other centres were eligible for priority sector status, provided the overall cost of the dwelling units in metro centres and other centres did not exceed Rs.35 lacs and Rs.25 lacs, respectively. Since the limits were fixed in 2015, it was decided to review the limits and align them with the Affordable Housing scheme of the Government of India. Accordingly, the housing loan limits for eligibility under priority sector lending have been revised w.e.f. June 19, 2018 to Rs.35 lakh in metropolitan centres and Rs. 25 lakh in other centres, provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed Rs. 45 lakh and Rs. 30 lakh, respectively.

The outstanding priority sector advances of Public Sector Banks increased from Rs. 21,99,972 crore as on March 31, 2018 to Rs. 23,62,471 crore as on March 31, 2019, registering a growth of 7.4 per cent. Advances to agriculture by PSBs amounted Rs. 9,82,117 crore constituting 18.12 percent of ANBC, as on March 31, 2019. Whereas for the quarter ended September 2019 priority sector advances outstanding for public sector banks is Rs. 23,74,216 crore and agriculture outstanding is Rs. 10,04,074 crore.

7.1 Lending to Weaker Sections and Credit to Minorities:

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 the 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 2017, March 2018, March 2019 and September 2019 is as under:

(Amount in Rs. crore)

As at the year ended	Amount outstanding	% to ANBC
March 2017	6,00,841.08	11.27
March 2018	6,08,318.12	11.36
March 2019	6,39,874.74	11.29
September 2019	7,01,317.02	12.24

In order to ensure smooth flow of credit facilities to Minority Communities, Reserve Bank of India issued a Master Circular dated July 1, 2019 to all Scheduled Commercial Banks (SCB) including Small Finance Banks (SFB). These banks have been advised to monitor credit flow to Minorities in 121 Minority Concentration Districts (MCD) having at least 25% minority population, excluding those States / UTs where minorities are in majority (J & K, Punjab, Meghalaya, Mizoram, Nagaland and Lakshadweep).

To ensure adequate flow of credit to minority communities banks have also been advised as below:

- 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 publicize among the minority communities various programmes of bank credit.
- The Lead Banks in the identified districts having concentration of minority communities may involve the State Minority Commission / Finance Corporation in the extension work including creating awareness, identification of beneficiaries, preparation of viable projects, provision of backward and forward linkages such as supply of inputs/marketing, recovery etc.
- 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 with a concentration of minority communities.

Total loans outstanding to minority communities as on March 31, 2019 stood at Rs. 3,84,680 crore which is 11.73% of total priority sector advances.

Total outstanding loans to minority communities as on March 31, 2019 in the 121 identified Minority Concentration Districts stood at Rs.1,42,645 crore which is 17.39% of total priority sector advances in the identified Minority Concentration Districts.

7.2 Economic Empowerment of Women

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, 2019, the amount outstanding towards credit to women was Rs.5,37,139.51 crore, forming 10.40 per cent of ANBC of public sector banks. The Insurance Companies provide various insurance products exclusively for women e.g. Bhagyashree Child Welfare policy, Mother Teresa Women & Children Policy, Mahila Suraksha Bima Policy, Sakhi-Tata AIG maternal care, New India Asha Kiran Policy, SBI Life Dhanrashi Insurance Scheme (Ladli), LIC Aadharshila etc.

The women account holders/beneficiaries under the schemes of this Department are as under.

(As on December, 2019)

Name of Schemes	Total Accounts/ Enrollment/ Beneficiary	Women Accounts/ enrollment/ Beneficiary
Pradhan Mantri Jan Dhan Yojana (PMJDY)	37.83 Cr.	20.17 Cr.(53%)
Pradhan Mantri Suraksha Bima Yojana(PMSBY)	17.37 Cr. Claims Disb. – 36,896	6.04 Cr. Claims Disb. – 22,467
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	6.52 Cr. Claim Disb.-1,65,090	1.84 Cr. Claim Disb. – 96,040
Atal Pension Yojana (APY) as on 11.01.2020	206.96 Lac	89.63 Lac
Pradhan Mantri Mudra Yojana (PMMY)	21.59 Cr. Amount– Rs.10.62 Lac Cr.	14.98 Cr. Amount–Rs.4.77 lac Cr.
Stand Up India (SUI)	86,640 Amount-Rs.19,451 Cr.	70,808 Amount-Rs.16,186 Cr.

7.3 Education Loan

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 a recognised Institution 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. The last revision of the Model Educational Loan Scheme was carried out on 17.08.2015 and circulated to Banks. The main features of the revised Model Educational Loan Scheme are as under.

a) Provision for charging of differential interest rates based on status of collateral, employability and reputation of institutions.

b) Relaxation in margin and security for loans guaranteed by NCGTC.

c) Extension of repayment period (after moratorium) upto 15 years for all loans.

d) Uniform one year moratorium for repayment after completion of studies in all cases.

e) 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.

7.3.1 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, circulated vide their 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.

7.3.2 Performance of Education Loans

The total outstanding education loans of Public Sector Banks (PSBs) as on March 31, 2019 stood at Rs. 72,800 crore in 21,94,977 accounts which have further increased to Rs 75,939 crore in 20,16,525 accounts as on 31.12.2019. This reflects increase of Rs. 3,139 crore in total outstanding loans over March, 2019.

7.3.3. 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. The Portal has the following features:

i. Information about Educational Loan Schemes of Banks;

ii. Common Educational Loan Application Form for Students;

iii. Facility to apply to multiple Banks for Education Loans;

iv. Facility for Banks to download Students' Loan Applications;

v. Facility for Banks to upload loan processing status;

vi. Facility for Students to email grievances/queries relating to Educational Loans to Banks;

vii. Dashboard facility for Students to view status of their loan application

viii. 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.

7.3.4 Interest Subsidy Scheme for Education Loans

Ministry of Human Resource Development had formulated, in May, 2010, 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;

8. Financial Institutions

8.1 Export –Import Bank of India (EXIM Bank)

Export-Import Bank of India (Exim Bank) was set up for "providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade". The flagship programmes of the Bank is Buyer's Credit, both commercial and under the National Export Insurance Account (NEIA); Project Export Finance, and Overseas Investment Finance. It is also the operational vehicle for Government of India (GoI) Lines of Credit.

Exim Bank's support has led to creation of opportunities for Indian project exporters, enabling them to expand their global footprint. It is a matter of pride that Indian companies are able to bid for and secure a larger number of international contracts of increasing values, through stringent processes of international competitive bidding. It has facilitated increased exports from India, besides creating additional avenues for employment within the country.

As on 06.12.2019, 297 Lines of Credit aggregating USD 30.53 billion have been extended to various countries across Asia, Africa, LAC, CIS and Oceania region. Besides LOCs, under the Bank's other flagship product-Buyer's Credit under National Export Insurance Account (BC-NEIA), the Bank has sanctioned an aggregate amount of USD 2.13 billion for 23 projects. As regards Overseas Investment Finance, during 2018-19, the Bank sanctioned funded and non-funded assistance aggregating Rs.1,136 crore to 13 Indian corporates for part financing their overseas investments in 8 countries. As on November 30, 2019, the Bank's net loans and advances stood at Rs. 96,447 crore, while the non-fund portfolio of the Bank was at Rs. 15,371 crore. The Bank has made a net profit of Rs 81,64,75,448 (approx 81.65 Crore) during 2018-19.

8.2 India Infrastructure Finance Company Ltd (IIFCL)

Government has announced its intention to invest Rs. 100 lakh crore in infrastructure over the next five years. This investment is crucial for maintaining the growth momentum of Indian economy vis-via its global peers. It will not only generate growth & employment but also lift people out poverty and is expected to enable India to graduate into the category of developed economies. This large investment needs a focused approach both from financing and institutional perspective.

The Union Budget 2005-06 conceptualized IIFCL as a dedicated institution for financing infrastructure in the country with focus on PPP projects. IIFCL, registered with the RBI as ND-SI-NBFC-IFC, has been playing a key role in bridging the funding gap in the infrastructure sector through its long-term loans as well as other innovative initiatives like Takeout Finance & Credit Enhancement. On a standalone basis, till 30th September 2019, IIFCL has made cumulative gross sanctions of Rs.1,29,594 crore under Direct lending, Takeout Finance and Refinance schemes. This includes cumulative gross sanctions of Rs. 88,955 crore to 492 projects under Direct Lending. The Company has made cumulative disbursements of Rs.67,428 crore, including disbursements of Rs.11,721 crore under Refinance and Rs.15,413 crore under Takeout Finance till September 2019. The company, excluding its subsidiaries, made a net profit of Rs.101.66 crore during 2018-19.

IIFCL's financial support has assisted around 27,500 km of roads, about 57,000 MW of power generation capacity and around 800 MTPA of port capacity, in addition to development of several urban infrastructure projects, station redevelopment as well as redevelopment of Delhi and Mumbai airports.

IIFC (UK), a wholly-owned subsidiary of IIFCL, headquarter in London, provides foreign currency loans for financing import of capital equipment by infrastructure projects in India. Till 30th September 2019, IIFC (UK) has made cumulative disbursements of USD 2.06 billion. IIFC (UK) enjoys a USD 5 billion line of credit facility from the RBI. Apart from RBI line of credit, IIFC(UK) is continuously exploring new sources of funds with a view to further supplementing financial resources for infrastructure development in India.

8.3 IFCI Ltd.

IFCI Ltd. is a systemically important Non-Deposit taking NBFCs and also a Public Financial Institutions under Section 2(72) of Companies Act, 2013. Set up in 1948 as the first Development Financial Institution of the Country as a Statutory Corporation to provide medium and long term finance to industry. IFCI became a Public Limited Company registered under the Companies Act, 1956 after repeal of "IFC Act" in 1993. Currently, the Government of India is holding 56.42% stake in the total paid-up share capital of IFCI.

8.4 National Housing Bank

NHB on August 2, 2019 introduced Liquidity Infusion Facility (LIFt) scheme of Rs.30,000 crore for HFCs to infuse liquidity in to the housing finance system and also to cater the demand of HFCs to address the housing finance requirements in the affordable housing finance sector. This scheme supports HFCs in creating individual housing loan portfolio that falls under the priority sector, as defined by RBI.

8.4.1 Operational Highlights during FY 2018-19(01.07.2018 to 30.06.2019)

· NHB has been nominated as a Central Nodal Agency for Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme and Rural Housing Interest Subsidy Scheme under the Housing for All Mission by 2022.

- Subscribed Equity share capital of NHB stood at Rs.1,450 crore as on 30.06.2019.
- Outstanding Loans & Advances of NHB stood at Rs.69,805 crore as on 30.06.2019, showing a growth of 21% on Y-o-Y *(Rs.57,684 outstanding as on 30.06.2018).*
- Disbursements of Rs.25,177 crore were made during the period.
- Cumulatively, NHB has made disbursement of Rs.2,39,110 crore till *30.06.2019*.

8.4.2 Financing FY 2019-20 (01.07.2019 to 31.12.2019)

- The total sanctions made by NHB during 01.07.2019 to 31.12.2019 were Rs.23,935 crore of which Rs.8,827 crore were sanctioned under LIFt scheme.

8.4.3 Promotion & Development (as on 30.11.2019)

- NHB has been nominated as a Central Nodal Agency for Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme and Rural Housing Interest Subsidy Scheme under the Housing for all Mission by 2022.

- Till 30.11.2019, 235 Primary Lending Institutions (PLIs) have signed MoU under Pradhan Mantri Awas Yojana(Urban)-Credit Linked Subsidy Scheme (PMAY-CLSS) for EWS/LIG and 226 PLIs have signed MoU with NHB as Central Nodal Agency(CNA), under PMAY-CLSS for MIG.
- Till 30.11.2019, NHB has disbursed interest subsidy of Rs.12,103.36 crore to 5,20,384 households under PMAY-CLSS for EWS/LIG, and Rs.4,977.99 crore to 2,35,374 households under PMAY-CLSS for MIG.

8.5 Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India has been established under an Act of the Parliament in April 02, 1990. SIDBI is mandated to serve as the Principal Financial Institution for executing the triple agenda of promotion, financing and development of the Micro, Small and Medium Enterprises and co-ordination of the functions of the various Institutions engaged in similar activities.

8.5.1 Performance of SIDBI

The significant financial achievements of the Bank continued to create new milestone during the year, epitomizing the renewed Vision 2.0 of the Bank in progress. The Asset Base of the Bank registered annual growth of 43.2%, reaching a new peak of Rs.1,55,861 crore as on March 31, 2019 and stood at Rs.1,67,883 crore as on September 30, 2019.

Net Profit of the Bank scaled an all-time high of Rs1952 crore during FY 2019 at growth rate of 36.5% over FY 2018 and was Rs 986 crore during the first half year of FY 2020.

8.5.2 Addressing financial gaps

The MSME financing agenda of SIDBI is discharged mainly through bulk Indirect Lending. Loans & Advances of the Bank grew by 42.9% to touch Rs 1,36,230 crore as at the end of FY 2019 and stood at Rs 1,44,347 crore as at September 30, 2019. During FY 2019, the Bank has launched a pilot scheme to finance new-age fintech NBFCs.

SIDBI supports the enterprise promotion agenda by extending venture capital assistance to start-ups through its Fund-of-Funds operations. Under India Aspiration Fund (IAF), Fund of Funds for Startups (FFS) and ASPIRE Fund (AF), the Bank has provided assistance to the tune of Rs 1,200 crore to 78 AIFs, against the aggregate commitment of Rs. 4,107 crore, as on September 30, 2019.

During the year, a strategic shift was made in Microfinance operations through the PRAYAAS initiative, which is a first-ever effort to deliver “affordable credit” to the small entrepreneurs, especially women, at the bottom of the pyramid. Total fund of Rs.1063.53 crore has been allocated under the scheme. As on November 30, 2019, the Bank has entered into agreements with 9 partner institutions for limits aggregating Rs.495 crore and arrangements with 8 are fully operational.

8.5.3 Digital Interventions

On PSBLoansin 59 minutes portal, as on November 30, 2019, 2.01 lakh MSMEs have obtained in-principle approval in less than 59 minutes from the lenders out of which 1.68 lakh MSMEs have obtained final sanction. Disbursements have been made in respect of 1.46 lakh proposals amounting to Rs.39,654 Crore. UdyamiMitra portal hosts more than 138 lenders and 26,963 handholding agencies. During FY 2020 (till November 30, 2019), 4.57 lakh loan applications registered on the portal, which resulted in submission of 85,485 loan applications, of which 6,012 loan applications were sanctioned Rs.1,009 crore.

8.6 Partial Credit Guarantee Scheme

The Cabinet has approved “Partial Credit Guarantee Scheme”, to be offered by the Government of India (GoI) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound Non-Banking Financial Companies (NBFCs) / Housing Finance Companies (HFCs), with the amount of overall guarantee being limited to first loss of up to 10 per cent of fair value of assets being purchased by the banks under the scheme, or Rs. 10,000 crore, whichever is lower. The proposed Government Guarantee support and resultant pool buyouts will help address NBFCs/ HFCs resolve their temporary liquidity or cash flow mismatch issues, and enable them to continue contributing to credit creation and providing last mile lending to borrowers, thereby spurring economic growth.

As on 10.01.2020, approval for issue of guarantee for purchase of pools worth Rs.7,290 crore has been accorded.

9. Insurance Sector

9.1 Overview

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.

9.2 Legislative Framework governing the Insurance Sector

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.

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.

9.3 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 Authority consist of a Chairperson, not more than five whole-time members and not more than four part-time members. As on 31st March, 2019 Authority has Chairman, 4 full-time members and 3 part-time members. The Authority is functioning from its Head Office at Hyderabad, Telangana. The core functions of the Authority as mentioned in Section 14 of Insurance Act 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, licensing/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.

9.4 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 Indian re-insurer) in 2000 to seventy insurers as on 31st March 2019 operating in the life, general, health and re-insurance segments; of which 24 are life insurers, 27 are general insurers, 7 are standalone health insurers and 12 are re-insurers including foreign reinsurance branches and Lloyd's India. Of the 70 insurers eight are in the public sector and the remaining sixty two are in the private sector. Two specialized insurers, namely Export Credit Guarantee Corporation of India Limited and Agricultural Insurance Company of India Limited, one life insurer namely LIC of India, four in general insurers and one in re-insurance namely GIC are in public sector. Twenty-three life insurers, twenty-one general insurers, seven standalone health insurers and eleven reinsurers including foreign reinsurance branches and Lloyd's India are in private sector. During the financial year 2018-19, 1 Standalone health insurance company under private sector, 1 foreign reinsurers' branch and 1 Service Companies of Lloyd's India have been granted certificate of registration.

9.5 Insurance Industry Statistics

Insurance Penetration and Insurance Density

The potential and performance of the insurance sector are generally assessed on the basis of two parameters, viz., Insurance Penetration and Insurance Density. The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (measured in US$ for convenience of international comparison).

Insurance penetration which was 2.71% in 2001, increased to 3.70% in 2018 (Life 2.74% and Non-Life 0.97%). The Insurance density in India which was US$11.5 in 2001 increased to US$ 74 in 2018 (Life-55 US$ and Non-Life -19 US$).

Life Insurance Industry

The post liberalization period has been witnessed to sharp growth in the insurance industry, more particularly in the life segment. The New business premium is measured as total of first year premium and single premium underwritten by the life insurers. During 2018-19, this was Rs.2,15,003 crore as compared to Rs.1,94,154 crore in 2017-18 registering a growth of 10.74% against 10.82% during the previous year. In terms of linked and non-linked business during the year

2018-19, 12.74% of the new-business premium was underwritten in the linked segment while 87.26% of the business was in non-linked segment as against 13.46% and 86.54% in the previous year. The total premium, which includes new-business premium and renewal premium during 2018-19, was Rs.5,08,132 crore as compared to Rs.4,58,809 crore in 2017-18 registering a growth of 10.75% against 9.64% in the previous year. Of the new business premium underwritten, LIC accounted for Rs.1,42,336 crore (66.20% market share) and the private insurers accounted for Rs.72,667 crore (33.80% market share). The market share of these insurers was 69.36% per cent and 30.64% respectively during the year 2017-18.

General Insurance Industry

The general insurers had underwritten gross direct premium of Rs. 1,69,448 crore in 2018-19, as against Rs.1,50,662 crore in 2017-18 registering a growth of 12.47%. This premium excludes the business done outside India by the public sector insurers. The private sector (including standalone health insurers) had underwritten Rs.92,641 crore as against Rs.73,734 crore in the previous year achieving a growth rate of 25.64% whereas the public sector (including specialized insurers) had underwritten premium of Rs.76,801 crore as against Rs.76,928 crore in the previous year with a negative growth rate of 0.16%. The market share of the public and private insurers stood at 45.33% and 54.67% during the year 2018-19 as against 51.06% and 48.94% respectively in 2017-18. 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 30% (Rs.50,834 crore) of the gross direct premium of the general insurance industry within India (including standalone health insurance companies) in 2018-19 as against 27.86% (Rs.41,981 crore) in 2017-18.

9.6 Investments of the Insurance sector

As on 31st March, 2019 the accumulated total investments held by the insurance sector was Rs.38,47,474 crore. During 2018-19, Assets under Management (AUM) had grown by 11.26%. Life insurers continue to contribute a major share with around 91.83% of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 76.40% in total investments though investments by private sector insurers are growing at a fast pace in recent years.

9.7 Rural and Social Sector Business

During 2018-19, Twenty-two private sector life insurance companies had fulfilled their rural sector obligations. (M/s Sahara India Life Insurance Co. Ltd. was directed not to underwrite any kind of new business from 24th June, 2017 vide the IRDAI order reference IRDAI/F&A/OR/FA/148/06/2017 under section 52 B (2) of the Insurance Act, 1938. Hence, Sahara India Life is not considered for Rural and Social Sector Obligations).

The life insurers underwrote 66.37 lakh policies in the rural sector, viz., 23.2% of the new individual policies underwritten (286.48 lakh policies) by them in 2018-19. All life insurers including LIC (except Sahara life) were compliant with their social sector obligations in terms of number of lives covered.

9.8 Micro Insurance

In order to facilitate penetration of insurance to the lower income segments of population, IRDAI had notified the micro insurance regulations, 2005 which was further amended in 2015. They provide a platform to distribute insurance products, which are affordable to the rural and urban poor and to enable micro insurance to play its role in financial inclusion. In micro-insurance-life, the individual new business premium for the year 2018-19 was Rs.32.10 crore through 8.65 lakh new policies and the group business amounted to Rs.3,205.74 crore premium for 12.13 crore lives. Individual death claims paid under micro insurance portfolio for the year 2018-19 amounted to Rs.14.76 crore on 9,395 policies and in the group category Rs.875.01 crore was paid as death claims on 2,99,451 lives. There were 72,857 micro insurance agents operating in the micro insurance sector at the end of 2018-19.

Micro insurance being a low price-high volume business, its success and sustainability depends mainly on keeping the transaction costs down. Section 32B and 32C of the Insurance Act, 1938 and IRDAI (Obligations of insurers to Rural and Social sectors) 2015, stipulate obligations of insurers in respect of rural and social sector, which has also contributed substantially to the development and promotion of micro insurance products in India.

Total number of general insurance policies procured by Micro Insurance Agents (excluding Micro insurance policies issued by Standalone health insurers) in the year 2018-19 are 14,124.

10 Pension Sector

10.1 National Pension System (NPS)

With a view to provide adequate retirement income on cost effective basis. It was made mandatory for all new recruits to the Government service (except armed forces) with effect from 1st January, 2004. NPS has also been rolled out for all citizens with effect from 1st May, 2009, on voluntary basis. It has been designed giving utmost importance to the welfare of the subscribers with aim of maximising outreach. The Scheme offers two types of accounts, namely Tier-I and Tier-II. The Tier-I account is the Pension account, while the Tier-II account is a voluntary withdrawable account which is allowed only when there is an active Tier-I account in the name of the subscriber. Presently, a Government employee under NPS has to mandatorily contribute 10% of pay and Dearness Allowance (DA) and 14% of pay and DA is contributed by the Government to the employee's Tier-I account.

There are a number of benefits available to the employees under NPS. Some of the benefits are listed below:

(i) **NPS is a well designed pension system** managed through an unbundled architecture involving intermediaries appointed by the Pension Fund Regulatory and Development Authority (PFRDA) viz. pension funds, custodian, Central Recordkeeping and Accounting agency (CRA), National Pension System Trust, trustee bank, points of presence and Annuity service providers. It is regulated by PFRDA which is a statutory regulatory body established to promote old age income security and protect the interests of NPS subscribers.

(ii) **Dual benefit of Low Cost and Power of Compounding**- The pension wealth which accumulates over a period of time till retirement grows with a compounding effect. The all-in-costs of the institutional architecture of NPS are among the lowest in the world.

(iii) **Tax Benefits presently available under NPS :**

(A) Tier I:

a) To ensure parity of tax treatment between NPS and various retirement products such as General Provident Fund (GPF), Contributory Provident Fund (CPF), Employees Provident Fund (EPF) and Public Provident Fund (PPF), the limit of tax exemption under section 10(12A) of the Income Tax Act in respect of the amount withdrawn as lump sum to the extent of 40% of the total accumulated balance has been enhanced to up to 60% of the total accumulated balance at the closure of account. With this, the entire withdrawal (i.e. 60% of accumulated balance) is now exempt from income tax.

b) Interim/ Partial Withdrawal from NPS Tier I up to 25% of the contributions made by NPS subscriber is tax free.

c) Minimum 40% of the amount is to be mandatorily utilized for purchasing an annuity from the Annuity Service Provider registered and regulated by the Insurance Regulatory and Development Authority and empanelled by PFRDA. Amount utilized for purchase of annuity is not taxable. Further, amount utilised for purchase of annuity is exempted from GST.

(B) Tier II:

Contribution by the Government employees under Tier-II of NPS is now covered under Section 80 C of the Income Tax Act, 1961, for deduction up to Rs. 1.50 lakh for the purpose of income tax at par with the other schemes such as GPF, CPF, EPF, and PPF provided that there is a lock-in period of three years.

(iv) **Freedom of choice for selection of Pension Funds and pattern of investment to government employees as under:**

(a) Choice of Pension Fund: As in the case of subscribers in the private sector, the Government subscribers are also allowed to choose any one of the pension funds including Private sector pension funds. They could change their option once in a year. However, the current provision of combination of the Public-Sector Pension Funds will be available as the default option for both existing as well as new Government subscribers.

(b) Choice of Investment pattern: The following options for investment choices are offered to Government employees: -

(1) Government employees who prefer a fixed return with minimum amount of risk have an option to invest 100% of the funds in Government securities (Scheme G).

(2) Government employees who prefer higher returns have the options of the following two Life Cycle based schemes.

(i) Conservative Life Cycle Fund with maximum exposure to equity capped at 25% at the age of 35 years and tapering off thereafter (LC-25).

(ii) Moderate Life Cycle Fund with maximum exposure to equity capped at 50% at the age of 35 years and tapering off thereafter (LC-50).

The existing scheme in which funds are allocated by the PFRDA among the three

Public Sector Undertaking fund managers based on their past performance in accordance with the guidelines of PFRDA for Government employees will continue as the default scheme for both existing and new subscribers.

(v) **Partial withdrawal**- Subscribers can withdraw up to 25% of their own contributions at any time before exit from NPS Tier I for a maximum of three times during the entire tenure of subscription under NPS for certain specified purposes such as marriage of children, purchase of house, medical treatment etc. The requirement of minimum period under NPS for availing the facility of partial withdrawal from the mandatory Tier-I account of the subscriber has been reduced from 10 years to 3 years from the date of joining w.e.f. 10th August, 2017. The minimum gap of 5 years between two partial withdrawals has also been removed w.e.f. 10th August, 2017.

(v) **eNPS -** PFRDA introduced eNPS online portal on 07.12.2015 whereby the Permanent Account Number (PAN) and savings bank account of new subscribers to NPS who are already customers of the banks are accepted as KYC with active participation of the banks acting as POPs for opening of accounts under NPS.

- Opening of account online using PAN and net banking of the selected bank- In this case KYC verification is done by the Bank.
- Opening of account online using Aadhaar No. issued by Unique Identification Authority of India (UIDAI)- In this case authentication is done through one time password (OTP) received on the registered mobile of the subscriber from UIDAI.

(vi) **Major measures/steps undertaken under NPS/eNPS:**

a) UPI has been added as a mode of payment on eNPS platform besides credit card, debit card and net banking

b) A number of Annuity Literacy Programs across the country have been conducted for the prospective retiring subscribers and nodal offices for spreading awareness on seamless exits from National Pension System

c) NPS Lite subscribers have been enabled to make contribution online.

d) Efforts have been made to offer direct remittance facility to NPS subscribers for reducing the time involved in investment of contribution as well as to enable the SIP facility.

(vii) **The status of NPS as on 30th November, 2019, is as under:**

Sector	No. of subscribers (in lakhs)	Assets Under Management (in Rs Crores)
Central Government	20.54	1,31,120
State Government	46.05	1,97,637
Corporate	9.00	98,695
All Citizen Model	10.58	11,815
NPS Lite	43.36	3,728
Total	**129.53**	**3,82,995**

11. Legislative

11.1 The Banning of Unregulated Deposit Schemes Act, 2019

The Banning of Unregulated Deposit Schemes Act, 2019 received the assent of the President on 31.07.2019. The Act has come into existence with effect from 21.02.2019 i.e. from the date on which the Banning of Unregulated Deposit Ordinance, 2019 had come into force. The Act seeks to effectively tackle the menace of illicit deposit taking activities in the country. It will significantly impact poor and gullible people who are being duped by illicit deposit schemes launched by rapacious operators. Deposit raising entities which are regulated by and accountable to the Government or Regulators established by the Government will also be benefited through the Act by increasing public faith in them.

11.2 The Chit Funds (Amendment) Bill, 2019

To facilitate orderly growth of the Chit Fund Sector, to remove bottlenecks being faced by the registered Chit Funds industry, and to enable greater financial access to people, The Chit Funds (Amendment) Act, 2019 received the assent of the President on 5th December, 2019. The main beneficiaries of the amendments will be the subscribers to Chit Funds as well as the Registered Chit Funds industry.

12. Miscellaneous

12.1 Debts Recovery Tribunal

As per data made available by DRTs, a total number of 15,812 cases (Original Applicants) involving Rs. 54,473 crores approximately were disposed off by 39 DRTs during 1.4.2019 to 30.9.2019

e-DRT Project:- The e-DRT project to digitize the functioning of all 39 Debts Recovery Tribunal (DRTs) and 5 Debts Recovery Appellate Tribunals (DRATs) has been implemented through the National Informatics Centre (NIC). The e-DRT project has automated the full cycle of workflow of DRATs and DRTs, which has bought transparency and increased their efficiency. The project has ensured online availability of case and access to e-filing and e-payment.

e-Bक्रय: Banks Common e-auction facility- This Department coordinated with Indian Banks' Association (IBA) and Allahabad Bank for development of a **common landing platform** with property search features and navigational links to all PSB e-auction sites that was launched in January, 2019. The property details on e-Bक्रय are structured and segregated for an enhanced user experience through **seamless single–window access to information by search** across Banks or limited to a selected Bank, based on the type and location of property. In the second phase, **a common e-auction** portal, for all the PSBs has been developed in this financial year, with access through the **e-Bक्रय website https://ibapi.in .**

12.2 Representation of SCs, STs, OBCs and PWDs.

The Representation of SCs/STs/OBCs and Persons with Disabilities (PWDs) in Public Sector Banks/ Financial Institutions and Insurance Companies is at ***Annexure I&II*** respectively.

12.3 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.

To ensure that individual grievances are resolved within a maximum time limit of 60 days and the petitioners are informed of the action taken, the following instructions have been issued to PSBs and Insurance Companies.

- All PSBs/FIs/PSICs were requested to ensure that complainants are informed about the incomplete details in the application by sending a reply to the complainant and a copy of the reply be uploaded on CPGRAMS.
- As per directions of DARPG, necessary instructions were issued to PSBs/FIs/PSICs that public grievances are required to be resolved within 1-2 months from the date of its initiation.
- Grievance Redressal Mechanism and contact details of Nodal Officers of all PSBs updated on DFS website.
- All PSBs/IRDA/PFRDA/RBI/PSICs were requested to ensure prompt resolution of all pending grievances including those referred by DPG and strengthen their grievance redressal mechanism and carry out regular monitoring/ review at senior level.

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. All organisations under DFS have made efforts to maximise the use of technology for reducing the grievance redressal time to one month from the existing two months. These directions are followed by all organisations under the Department of Financial Services. 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. Replies through post are also sent to those complainants who have lodged their grievances physically.

The Banks and Insurance Companies have grievance redressal mechanism in place and are also hosted 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.

Grievances received from PMO are attended promptly and present status is being uploaded on portal by concerned Banks/ Insurance companies. Most of the grievances related to ATM, Pension, Loan Applications, Bank transactions and fraud cases, which can be easily handled by Bank / Insurance officers. Grievances are monitored regularly and followed by periodical reminders through emails to the concerned Nodal Public Grievance Officers in Banks and Insurance Companies and concerned Sections in the Department.

The Reserve Bank of India (RBI) has set up 20 Banking Ombudsmen across the country under Banking Ombudsmen Scheme 2006 and also set up 21 Ombudsman for Digital Transactions. Similarly, there are 17 Insurance Ombudsmen set up by IRDAI. In case the petitioners are not satisfied with the kind of disposal by the concerned Banks/Insurance Companies, they can file their complaints with the Banking Ombudsmen concerned for the settlement of their grievance through mediation and passing of awards.

As per CPGRAMS database the details of receipt, disposal and pending grievances during the period 01.04.2019 to 30.11.2019 in respect of banking and insurance sectors are as follows:

Sector	Brought Forward	Received	Disposed	Pending as on 30.11.2019	% of Disposal as on 30.11.2019	Less than 60 days old	More than 60 days old
Banking	9191	82508	82416	9283	89.88%	8356	927
Insurance	309	9224	8748	785	91.77%	730	55
Total	**9500**	**91732**	**91164**	**10068**	**90.04%**	**9086**	**982**

Status of public grievances on PG Portal for the period 01.04.2019 to 30.11.2019 is as under:

Total Grievances received	Grievances Disposed Off	Balance	% of disposal	Average time of disposal
101232	91164	10068	90.04	24 days

The present status of public grievances for the period 01/04/2019 to 30/11/2019 relating to social security schemes launched by the Government is as under:

Name of the scheme	Total Grievance	Grievance disposed	Grievance pending	% of disposal
Atal Pension Yojna	66	56	10	84.85
Pradhanmantri Jan Dhan Yojna	234	224	10	95.73
Pradhanmantri Mudra Yojna	3421	3247	174	94.91
Pradhanmantri Suraksha Bima Yojna	236	214	22	90.68
Pradhanmantri Jeevan Jyoti Bima Yojna	281	265	16	94.31

The present status of public grievances received from PMO for the period 01.04.2019 to 30.11.2019 is as under:

Name of the Sector	Total Grievances	Grievances disposed	Grievances pending	% of disposal
Banking	**37400**	**33906**	**3494**	**90.66**
Insurance	**3567**	**3230**	**337**	**90.55**

12.4 Vigilance

12.4.1 Organisations under Vigilance Section

(a) 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 49 officials at various levels. These are renewed on a year-to-year basis by DFS, Ministry of Finance with the approval of IFU.

Further, The Special Court has stated that the total no. of Pending Matters as on 31.12.2019 were 126 which include **Suits – 06 and Special Cases (Criminal) – 2.**

(b). Office of the Custodian

To assist 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 Fairgrowth Financial Services Ltd (FFSL) and 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 IFU.

Since inception, a total of 13,348 cases were filed in the Special Court, which were defended/contested by the Custodian and 13, 227 cases have been disposed of by the Special Court, leaving a balance of 121 cases for their disposal as on 31st October, 2019. Similarly, a total of 495 appeals were filed in the Supreme Court, of which 466 cases have been disposed of, leaving 29 cases pending (31st October, 2019). As on 30th November, 2019, while the outstanding liabilities of notified parties totaled to Rs. 37,338.57 crore, the assets were only to the tune of Rs.2,986.46 crore. Till 30th November, 2019, Rs. 9,767 crore has been recovered by the Custodian out of which, Rs. 6,339 crore has been distributed to Income Tax Department, Banks etc.

Out of a total of 23.77 crore attached shares, 16.70 crore shares have been sold and a sum of Rs.3,344.69 crore realized. Of the remaining 7.07 crore shares with current value of Rs. 1,995.35 crore, 5.55 crore are traded shares and 1.52 crore are untraded shares. A total of 185 immovable properties of notified parties had been attached by the Custodian out of which 149 have been disposed to realize a value of Rs.173 crore. Rs.6.49 crore has been realized by sale of jewellery items through Customs department / SBI. Cash balance in the attached accounts and fixed deposits of notified parties as on 30th November 2019 is Rs. 1,236.32 crore.

12.4.2 Vigilance Division 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 01.01.2019 to 31.12.2019 a total no. of 15 CVOs have been appointed in PSBs/PSICs/FIs.

c) 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.

d) Vigilance Awareness Week was observed from 28.10.2019 to 02.11.2019.

12.5 Audit Paras

A Summary of Audit observations made available by the Office of C&AG pertaining to DFS is at ***Annexure III***.

Annexure I

Department of Financial Services

Group-wise Representation - SCs, STs and OBCs up to 30.11.2019

(Data Source - Public Sector Banks/Public Sector Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)

Sl. No	Group	Number of Employees (as on 31.12.2018)				Number of appointments/promotions made during the calendar year 2019 (i.e. 01.01.2019 to 30.11.2019)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
1	Group-A	448613	82152	36227	93545	12736	1958	924	4191	19673	3977	1614	3853	41558	8055	3570	9337
6	Group-B	25585	3793	1644	3692	61	2	6	17	0	0	0	0	51	5	2	6
3	Group-C	353088	66233	27431	76761	19895	3454	1863	4791	10745	1669	1112	2647	4760	1110	335	789
4	Group-D (Excluding Safai Karam - charies)	107232	30714	7342	22451	307	56	10	111	3508	1048	339	901	527	199	24	84
5	Group-D (Safai Karam - charies)	33805	16247	2435	10062	1051	359	169	414	951	376	73	315	22	6	0	9
	Total	**968323**	**199139**	**75079**	**206511**	**34050**	**5829**	**2972**	**9524**	**34877**	**7070**	**3138**	**7716**	**46918**	**9375**	**3931**	**10225**

Department of Financial Services

Annexure II

Group-wise Representation of Persons with Disabilities upto 30.11.2019																						
(Data Source - Public Sector Banks/Public Sector Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)																						
Sl. No.	Group	Number of Employees (as on 31.12.2018)					Number of appointments/promotions made during the calendar year 2019 (i.e. 01.01.2019 to 30.11.2019)															
							Appointment by Direct Recruitment								Appointment by Promotion							
							No. of vacancies reserved				No. of appointments made				No. of vacancies reserved				No. of appointments made			
		Total	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1	Group-A	367025	2076	695	5951	6	140	231	202	30	158	78	142	27	19	29	25	6	93	79	217	0
2	Group-B	24185	3	0	33	0	1	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Group-C	301859	2188	1041	4861	15	201	326	218	44	259	73	199	16	93	23	191	4	7	2	25	0
4	Group-D (Excluding Safai Karam - charies)	94357	183	212	1064	0	1	3	1	1	1	2	1	0	0	0	1	0	0	0	5	0
5	Group-D (Safai Karam - charies)	22501	72	105	396	0	3	1	4	0	0	6	11	0	2	0	0	0	0	0	0	0
	Total	**809927**	**4522**	**2053**	**12305**	**21**	**346**	**563**	**426**	**75**	**418**	**159**	**353**	**43**	**114**	**52**	**217**	**10**	**100**	**81**	**247**	**0**

Note:
(i) VH stands for Visually Handicapped (persons suffering from blindness or law vision)
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)
(iv) ID stands for Intellectual Disability

Annexure III

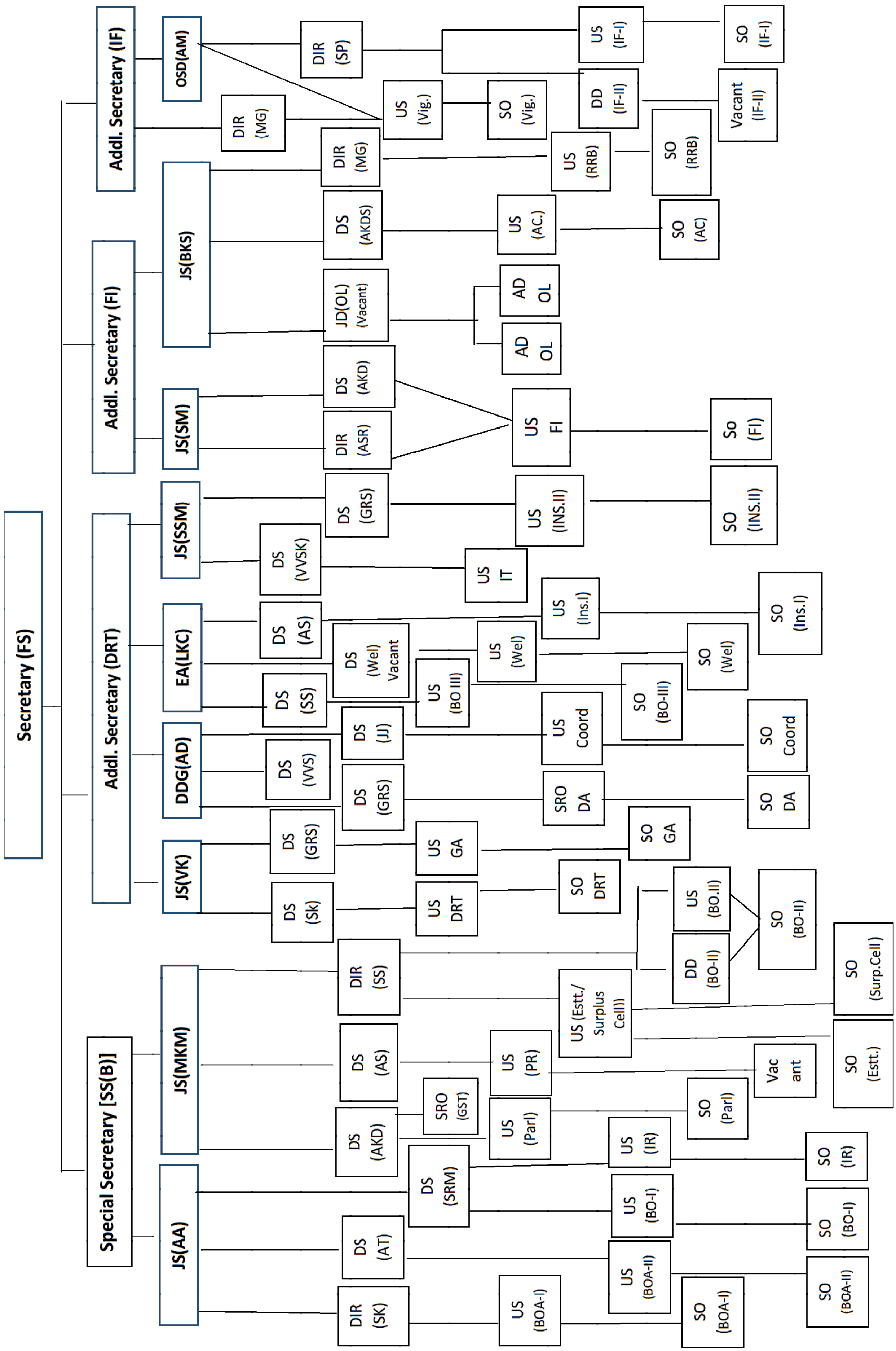
Summary of Audit Observations pertaining to DFS
(As on 20.12.2019)

Sl.No.	Year	No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/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 PAC
1.	2019-2020	-	3	Nil	Nil

➢ 3 paras relate to Report No. 13 of 2019 (Compliance Audit observations) laid in Lok Sabha and Rajya Sabha on 25.11.2019.

Sl.No.	Year	No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/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 PAC
1.	2013-14	-	Nil	2	Nil
2..	2014-15	1	Nil	1	Nil
3.	2015-16	-	Nil	1	Nil
4.	2016-17	2	1	7	Nil
5.	2017-18	9	Nil	Nil	1
6.	2018-19	13	3	5	1

Organisational Chart of Department of Financial Services



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