



सत्यमेव जयते

GOVERNMENT OF INDIA

SUMMARY REPORT CALENDAR YEAR 2018

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE**

INTRODUCTION

Interim Budget 2019-20 is presented to Parliament on 1st February, 2019. As per precedent, Detailed Demands for Grants, Outcome Budgets and Annual reports will be presented by different Ministries/Departments alongwith Regular Budget 2019-20. For facilitating discussion on Vote-on-Account in Parliament, a summary detailing the activities of this Ministry including achievements and targets during the Calendar year 2018 has been prepared.

The Ministry of Finance is responsible for administration of the finances of the Central Government. It is concerned with all economic and financial matters effecting the country as a whole, including mobility of resources for development. It regulates the expenditure of the Central Government, including the transfer of resources to States.

The Ministry comprises five Departments, namely:

- (i) Department of Economic Affairs;
- (ii) Department of Expenditure;
- (iii) Department of Revenue;
- (iv) Department of Investment and Public Asset Management; and
- (v) Department of Financial Services.

This report gives a synoptic view of the important activities of the Ministry during the Calendar year 2018.

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Chapter - I

1. Economic Division

1.1. Macro Unit

- ◆ Analysing the trends of macroeconomic parameters, specifically, GDP, output, savings, and investment.
- ◆ Preparing updates, briefs and presentations on the overall macroeconomic scenario.
- ◆ Carrying out GDP growth projection for the Union Budget.
- ◆ Drafting and finalizing chapter on Overview of India's Economic Performance for the Annual Economic Survey.
- ◆ Contributed in number of economic research exercises (internal).
- ◆ Regular updation of data and meta on IMF's National Summary Data page (Country coordination for Special Data Dissemination Standard (SDDS)).

1.2. Public Finance Unit

- ◆ Monitoring of trends and patterns in Central fiscal parameters.
- ◆ Analysis of policies relating to Central outlays, resources and expenditure, fiscal issues, tax measures, direct and indirect tax proposals/reforms.
- ◆ Review of fiscal position of the government in the Economic Survey.
- ◆ Booklet on Economic and Functional Classification (EFCL) of the Central Government - It facilitates in making the budget a more useful tool of economic analysis.
- ◆ Indian Public Finance Statistics (IPFS)-This contains time series information relating to Annual outlays and pattern of their financing, budgetary transactions of Centre, States and Union Territories, trends in domestic saving and investment, trends in net domestic product of States, etc.
- ◆ Government Finance Statistics (GFS)-The Public Finance Unit provides information for GFS yearbook, an annual publication of International Monetary Fund (IMF) which collects data on public sector from member countries.

1.3. Industry and Infrastructure Unit

- ◆ Monitoring industrial growth and investment.
- ◆ Growth rate of GVA (%) in Industry.
- ◆ Monthly Analysis of IIP data from CSO (YoY) and trends in Eight core industry data from DIPP (YoY).
- ◆ Analyze developments in Industrial Sector, industrial investment/ financing Public Sector Units, industrial sickness, infrastructure Policy, Investment and Financing.
- ◆ Comments on Cabinet, PIB, EFC/SFC and CoS Notes relating to Industry and Infrastructure.





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- ◆ Drafting and finalizing chapters on Industry and Infrastructure for the Annual Economic Survey.
- ◆ Dealing with Parliament Question on Industry and Infrastructure Sector.

1.4. Climate Change Finance Unit

- ◆ Deals with all Climate Finance related matters and functions as the nodal point for Climate Finance related issues in the Ministry of Finance.
- ◆ Represents India in international negotiations on Climate Finance under UNFCCC such as the negotiations culminating in the path-breaking Paris Climate Change Agreement in 2015, meetings of APA, SBSTA and SBI.
- ◆ Represents MOF in G20 discussions on Climate Finance and Green Finance in Climate Finance Study Group and Green Finance Study Group as well as provides inputs to the G20 secretariat.
- ◆ Provides inputs to the GCF Board Member representing India in its role as the Board Member.
- ◆ Undertakes research studies on climate change finance related aspects.

1.5. Agriculture & Food Management Unit

- ◆ The Agriculture & Food Management Unit prepares analytical notes on issues related to agriculture and food management such as farming, agrarian distress, farmers' indebtedness, pricing and procurement as well as distribution of agricultural produce.
- ◆ The Unit also advises the Government on specific policy issues pertaining to the allied sectors of animal husbandry, fisheries, and dairying.
- ◆ Examine/Appraise Cabinet/CCEA/CoS/EFC/SFC and other policy notes related to major policies and schemes pertaining to agriculture and allied sectors and food management.
- ◆ Analysis of agrarian issues, agricultural price trends, procurement of food and its distribution and other topics concerning agriculture and food management.
- ◆ Providing policy advice on issues related to agriculture and food management.
- ◆ Pre-budget meetings with farmers' unions, civil society organizations, farmers' welfare organizations/experts etc.
- ◆ Preparing chapter on Agriculture and Food Management for the Annual Economic Survey.
- ◆ Providing inputs for Monthly Economic Review of Department of Economic Affairs.
- ◆ The Unit collates and uses data in their analysis work from all other Ministries/ Departments implementing programmes/ schemes concerning agriculture and food management.

1.6. Social Infrastructure, Employment and Human Development Unit

- ◆ The Social Infrastructure, Employment and Human Development Unit prepares analytical notes on poverty, employment, rural development and other topics on the issues like health, education, employment including labour market etc.





- ◆ The Unit also advises the Government on specific policy issues related to social infrastructure and human development.
- ◆ Examine/Appraise Cabinet/CCEA/CoS/EFC/SFC and other policy notes on major social sector policies and areas.
- ◆ Analysis of labour issues, employment & unemployment trends, health, education and other topics concerning social sector.
- ◆ Pre-budget meetings with labour unions, civil society organizations, health, welfare and women's organizations/ experts etc.
- ◆ Participation/membership of various Committees on Labour Statistics and Skills.
- ◆ Prepares the chapter on Social Sector for the Annual Economic Survey.
- ◆ Unit collates and uses data from all other Ministries/ Departments implementing social and economic welfare programmes/ schemes.

1.7. Price Unit

Price Unit in the Economic Division is involved in monitoring of prices and policies relating to price control, which includes –

- ◆ Tracking and analysis of various Price and Inflation indices.
- ◆ Monitoring of global commodity prices.
- ◆ Issues related to Price Policy and inflation management.

1.8. Service Sector Unit

- ◆ Monitoring the performance of services trade.
- ◆ Comments on Notes related to trade in services, WTO negotiations in Services, etc.
- ◆ Preparing the Chapter on Services Sector for the Annual Economic Survey.
- ◆ Comments on Cabinet Notes relating to Policy on IT and ITes, Tourism etc.
- ◆ Dealing with Parliament Question on Service Sector.

1.9. External Sector Unit

- ◆ The External Sector Unit prepares analytical notes on Monitoring of India's merchandise trade, Balance of Payments (BoP) developments, exchange rate movements, foreign exchange reserves, global economic developments, Analysis of commodity composition and direction of merchandise trade.
- ◆ Monitoring the exchange rate movements, India's merchandise trade, Balance of Payments (BoP) developments, foreign exchange reserves and global economic developments.
- ◆ Analysis of commodity composition and direction of merchandise trade.





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- ◆ Matters relating to Short-term Balance of Payments (STBoP) Monitoring Group.
- ◆ Drafting and finalizing the chapter on Balance of Payments (BoP) & Foreign Trade for Economic Survey.
- ◆ Providing policy advice on issues related to foreign trade.

1.10. External Debt Management Unit (EDMU)

- ◆ Preparing the Report on External Debt (Quarterly) for two quarters by collecting data from different sources like SEBI, RBI, CAAA and Ministry of Defence and also analyses them.
 - a) End-September - Released in December
 - b) End -December - Released in March by EDMU
- ◆ Release of “India’s External Debt: A Status Report” by updating the country’s external debt position, along with international comparisons. This is an annual publication.
- ◆ Collecting the base level data on defence debt from the Ministry of Defence and processing the same for inclusion in external debt data.
- ◆ Drafting the section on ‘External Debt’ for the chapter on External Sector for Economic Survey and also for Mid-Year Review.
- ◆ Collection, compilation and supply of India’s external debt data to World Bank for their centralized database system called ‘Quarterly External Debt Statistics (QEDS)’ to meet SDDS requirements. This is done on a quarterly basis.
- ◆ Supply of data to CAA&A for onward submission to the World Bank for their ‘Global Development Finance’.

1.11. Money and Banking Policy Unit

- ◆ Monitoring of money market trends and developments in monetary policy, banking policy and aggregate trends in credit flows, yields on G-Sec/Treasury Bills and behavior of Call Money Rates and LAF operations.
- ◆ Analysis of monetary policy and performance of Banking Sector.
- ◆ Providing inputs for monthly economic review of DEA.
- ◆ Preparing chapter on Monetary and Financial Intermediation for the Economic Survey.
- ◆ Providing policy advise on issues related to banking and financial sector.

1.12. Coordination Unit

- ◆ Organizing Finance Minister’s Pre-Budget meetings with various stake holders i.e. Banking and Financial Institutions, Economists, Trade and Industry Group, Agriculture Group, Social Sector related group and Trade Union group.
- ◆ Publishing of Annual Economic Survey, and laying it before the Parliament.
- ◆ Organizing Delhi Economics Conclave, an Annual International Conference, on thematic issues.





2. BUDGET DIVISION

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. The responsibility of the Division also extends to regulate the flow of expenditure by processing proposals from other Ministries/Departments for re-appropriation of savings in a Grant where prior approval of the Ministry of Finance is required. The Division also 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 Govt. to the President for being laid before Parliament. During the calendar year 2018, 21 Reports of the C&AG of India were laid before the Parliament and 43 entrustments/re-entrustments of audit of various bodies to the C&AG of India were 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, Quarterly 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/Departments.

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 National Small Savings

2.2.1 Small Savings Schemes

2.2.1.1 At present, nine Small Savings Schemes are in operation. These schemes include Post Office Savings Account, National Savings Time Deposits (1-year, 2-year, 3-year & 5-year), National Savings Recurring Deposit, National Savings Monthly Income Account, Senior Citizens Savings Scheme, National Savings Certificate (VIII-Issue), Public Provident Fund Scheme, KisanVikas Patra and Sukanya Samriddhi Account.

2.2.1.2 All these Schemes are being operated through post offices and some selected schemes are being offered through the nationalised and selected private sector banks as well.

2.2.2 Small Saving Collections

2.2.2.1 Due to growing popularity of Small Savings Schemes, collections under these schemes have been consistently growing. During the current financial year, Gross collections upto November 2018, stood at ₹ 4,01,060.25 crore as





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against ₹3,60,815.14 crore collected during the corresponding period of the last year, representing a growth of 11.2%. An amount of ₹12000 crore (Approx.) is proposed to be transferred as share of net small savings collections to the States and Union Territories (with legislature) participating in NSSF during the current financial year, as against the sum of ₹ 9161.58 crore transferred last year.

2.2.2.2 An amount of ₹5953.79 Crore representing unclaimed deposits of Small Savings Schemes has been transferred to the SCWF for financing schemes for the welfare of senior citizens.

2.2.3 National Small Savings Fund

2.2.3.1 All the transactions under Small Savings are accounted for in the National Small Savings Fund established under the Public Account. Net accretions under Small Savings are invested in public agencies and in the special securities of the Central Government and the participating States and Union Territories.

2.3 Supplementary Demands :

23.1 Supplementary Demands section is assigned with coordination and presentation of supplementary Demands for Grants, Demands for Excess Grants and the connected Appropriation Bills in the Parliament. This section is also assigned the work of overall policy related to central Government Guarantees.

2.4 Public Debt & Liabilities and Cash Management

2.4.1 As per Budget estimates for the Financial year 2018-19, the Central Government normal borrowing through issue of dated securities for financing the fiscal deficit has been at ₹6,05,539 crore (gross) and ₹4,62,061 crore (net) respectively. The Gross and Net Market Borrowing through dated Securities till January 07, 2019 are ₹4,27,000 crore and ₹3,16,800 crore, respectively.

2.4.2 The Weighted Average Yield (WAY) and Weighted Average Maturity (WAM) of Central Government dated securities issued during 2018-19 (up to January 07, 2019) were 7.88 per cent and 15.04 years respectively, as compared with to 6.94 per cent and 14.41 years in 2017-18.

2.4.3 The Ways & Means Advance (WMA) ceiling for the Central Government was fixed at ₹60,000 crore and ₹70,000 crore for 1st quarter and 2nd quarter of the current fiscal 2018-19, respectively. The limit of WMA was fixed at ₹ 35,000 crore for the period during October, 2018 to February 2019 and ₹25,000 crore for the month of March, 2019.

2.5 Fiscal Responsibility and Budget Management (FRBM): In compliance with requirements under the FRBM Act/Rules, following documents were laid before both the Houses of Parliament.

2.5.1 Quarterly and Half Yearly Statements laid before Parliament:

- (i) Statement on quarterly review of the trends in receipts and expenditure in relation to the Budget at the end of 3rd quarter of the Financial Year 2017-18.
- (ii) Statement on half yearly review of the trends in receipts and expenditure in relation to the Budget at the end of the 2nd half of the Financial Year 2017-18
- (iii) Statement on half yearly review of the trends in receipts and expenditure in relation to the Budget at the end of the 1st half of the Financial Year 2018-19.





2.5.2 Medium-Term Expenditure Framework Statement for the Year 2018 has been laid before both Houses of Parliament.

2.5.3 Statements of Fiscal Policy as required under FRBM Act, i.e., Medium-term Fiscal Policy Statement, Fiscal Policy Strategy Statement and Macro-economic Framework Statement laid along with Union Budget 2018-19.

2.5.4 Disclosure Statements (Asset Register, Arrears of Non-Tax Revenue, Tax-Revenue Raised but not realised) included in Receipts Budget 2018-19.

2.6 Public Debt Management Cell

2.6.1 Government has been working towards separation of public debt management from the Reserve Bank of India and it is also aiming at consolidating all the components of the public debt at one place. Formation of a Public Debt Management Cell (PDMC) in the Budget Division on October 04, 2016 was an important step in this direction. Considering the extant legal provision, it was agreed that only advisory functions may be assigned to PDMC to avoid any conflict with the statutory functions of RBI. In addition to carrying out various advisory functions assigned to it under the expanded mandate, PDMC has been working towards formation of statutory PDMA and initiated many necessary steps in this regard. Major activities of the PDMC are given below:-

- i. PDMC has been taking increasingly active part in planning of Government borrowing, which was being handled by the Reserve Bank of India hitherto. PDMC analyses the receipts and payments of the Government in the recent years and formulates borrowing plans for the consideration of a High Level Group for this purpose. Borrowing plans made in March and September 2018 were taken positively by the market. Issuance limits under individual securities and total issuance in a financial year were also reviewed.
- ii. PDMC carries out cash projections in the Government accounts and monitors the same on daily basis. It also proposes necessary action in case of deviation from the projected level, as may be required.
- iii. PDMC maintains close watch on the market developments and carry out analysis in case of sharp movements in the G-sec market. It maintains close liaison with the market participants to obtain continuous feedback about the market.
- iv. PDMC conducted a meeting with all the States and RBI in August 2018 to enhance the coordination between the borrowing plans of the Centre and the States.
- v. It liaised with World Bank for conducting training session on formulation of debt management strategy, formulation of a Govt. guarantee policy, Govt. cash management, formation of Public Debt Management Agency in India etc. which benefited in capacity building and creation of expertise in the PDMC.
- vi. PDMC revamped the General Notifications on issuance of dated securities and T-Bills to incorporate the developments that have taken place since last review in 2008.
- vii. The issue of sovereign external bonds to diversify the investors base for the G-secs was analysed in detail during the year.
- viii. Towards ensuring the enhanced transparency in public debt management operations, PDMC published the Annual Status Paper on Public Debt for the year 2016-17 which provides a complete picture of the consolidated Govt. debt of India at one place. This publication also contains Medium Term Debt Management Strategy for next three years and Handbook on Statistics on Central Government Debt. The 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. The status paper for the year 2017-18 has also been published on January 18, 2019.

- ix. PDMC also prepares various other MIS reports like daily report, weekly report on development in primary and secondary market, weekly auctions reports, fortnightly global macroeconomic indicator, quarterly report on public debt, SDDS report etc.
- x. PDMC initiated work on building a database for public debt, i.e., IDMS and hired a consultant towards preparation of FRS (functional requirement specification) and SRS (software requirement specification) with prototype of the system, which is nearing completion. Work on next phase will be started after completion of Phase I.
- xi. PDMC is working towards formation of Public Debt Management Agency in India and has finalised the model that will be suitable for India. The structure, HR requirement etc. have also been finalised after multiple rounds of discussion with the World Bank.

2.7 Constitution of the Fifteenth Finance Commission

2.7.1 In pursuance of clause (1) of article 280 of the Constitution, read with the provisions of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President constituted the Fifteenth Finance Commission under the Chairmanship of Shri N. K. Singh, former member of Parliament and former Secretary to the Government of India. The Notification, in this regard, has been published in the Gazette of India (Extraordinary) vide S.O. 3755(E) dated 27th November, 2017. The Commission has been asked to make its report available by the 30th day of October, 2019, covering the period of five years commencing on the 1st day of April, 2020.

2.8 Fixation of Rate of Interest on Public Deposits

Fixation of rate of interest for.

- 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)
- g) National Defence Fund (NDF)

2.9 Hindi Branch

2.9.1 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 and FRBM quarterly Reports which were laid before the Parliament .

2.9.2 The translation of the official documents as envisaged in the official Languages Act, 1963 and Rules made thereunder 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 Indian Market Performance

3.1.1 In the financial year 2017-18 (till December 31, 2018), the NSE benchmark index NIFTY 50 gained 9.4% and BSE benchmark index Sensex gained 7.40%. For the previous financial year starting from April 1, 2017 till March 31, 2018, Nifty 50 and Sensex gained around 11%. During the year, the benchmark indices touched their lifetime closing highs in August 2018 (when Sensex and Nifty closed at 38896.63 and 11738.5 on 28 August 2018).

3.1.2 The year 2018 was a year of negative growth for equity world over (except India and Brazil) and performance of Indian markets was better than most other emerging and developed markets as may be seen from the table below containing a snapshot of select major market indices. China, South Korea, Germany, Taiwan, Hong Kong and Singapore all registered significant negative growth.

Performance of Major Markets in the World					
Index	Last Day of 2016-17 (31.03.2017)	Last Day of 2017-18 (31.03.2018)	Last Day of 2018 (31.12.2018)	Performance in FY 2017-18 (% change as on 31.3.2018 over last closing of FY 2016-17)	Performance in FY 2018-19 (% change as on 31.12.2018 over last closing of FY 2017-18)
Indian Markets					
SENSEX, India	29620.5	32968.68	36068.33	11.30	9.40
NIFTY, India	9173.75	10113.7	10862.55	10.25	7.40
Emerging Markets					
SHANGHAI COMPOSITE, China	3222.514	3168.897	2493.90	-1.66	-21.30
Indice BOVESPA, Brazil	64984.07	85366	87887.26	31.36	2.95
KOSPI, South Korea	2160.23	2445.85	2041.04	13.22	-16.55
TAIWAN TAIEX, Taiwan	9811.52	10906.22	9727.41	11.16	-10.81
Developed Markets					
S&P 500, US	2362.72	2640.87	2506.85	11.77	-5.07
DOW JONES, US	20663.22	24103.11	23327.46	16.65	-3.22
DAX, Germany	12312.87	12096.73	10558.96	-1.76	-12.71
FTSE 100, UK	7322.92	7,056.60	6728.13	-3.64	-4.65
CAC-40, France	5122.51	5167.3	4730.69	0.87	-8.45
NIKKEI 225, Japan	18909.26	21454.3	20014.77	13.46	-6.71
HANG SENG, Hong Kong	24111.59	30093.38	25845.70	24.81	-14.11
Straits Times, Singapore	3175.11	3427.97	3068.76	7.96	-10.48

Source: Thomson Reuters





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3.1.3 After witnessing all-time highs in August 2018, markets corrected in September and October 2018. The benchmarks corrected significantly during these months as fears for exports in a worsening environment for global trade in the wake of US-China trade disputes and pressures on rupee in the wake of sharp rise in oil prices weighed on market sentiments. Spill-over risk to emerging economies engendered by tightening of financial conditions in Advanced Economies and caution prevailing after the default of Infrastructure Leasing & Financial Services Limited (IL&FS), a large Systemically Important Non-Deposit Accepting Core Investment Company (CIC-ND-SI) also added to sober moods. On the domestic front, growth of gross domestic product (GDP) also showed signs of slight moderation in second quarter. Foreign Portfolio investors pulled out investments worth ₹98,421 crores in the year 2018-19 which was counteracted to a great extent with increased inflows into mutual funds.

Financial Year	INR crores			
	Equity	Debt	Hybrids	Total
2011-12	43738	49988	0	93726
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*	-50012	-48278	-131	-98421
* upto 21-Jan-2019				

3.2 Primary Market

3.2.1. Capital market, both debt and equity, has become increasingly important for India's growth story. A total of ₹43, 065 crore has been raised in the Primary markets through 118 Public and Rights issues during 2018-19 (upto October, 2018). Total amount raised through Public issue and Private placement of Corporate bonds during 2018-19, upto October 2018 is ₹2,29,675 crores. During 2018-19, there has been 42 Substantial Acquisition of Shares and Takeovers involving ₹3419 crores till November, 2018 compared to 43 such takeovers during 2017-18 involving ₹1510 crore. The Assets under Management (AUM) of mutual fund industry stood at ₹24, 03,134 crores. During the year 2018-2019, the primary market has been vibrant.

3.2.2. Towards developing and strengthening an investor friendly securities market Government, in consultation with the regulator, has been taking a number of transformative steps as follows:

- I. SEBI in consultation with Central Government reviewed its Issue of Capital and Disclosure Requirements Regulations, 2009 in order to update it with the changes in market practices and regulatory environment over a period of time to realign the ICDR Regulations with these developments. Issue of Capital and Disclosure Requirements Regulations, 2018 was notified on 11th September, 2018. The renewed ICDR Regulation has been aligned with the Companies Act, 2013. SEBI has rationalised the disclosure requirement to a great extent. Key changes, inter alia, include financial information to be provided for a period of three years instead of five, threshold for identifying promoter group increased from 10% to 20%, criteria for identification of group companies, etc. To boost wider participation by investors, the shortfall in promoter contribution can now be met by alternative investment funds, foreign venture capital investors, scheduled commercial banks, public financial institutions and insurance companies without being categorized as a promoter. This review has also targeted removing unnecessary complexities and doing away with information that may not be relevant. Simultaneously it has been taken care that the integrity of the markets is not compromised by putting a complete ban on willful defaulters and fugitive economic offenders from coming up with an initial public offering. Further, disciplinary actions including past penalties against the promoters in the past five financial years are to be mandatorily disclosed.





- II. The Assets Under Management (AUM) of mutual fund industry in India has grown manifold over the years. In order to share the benefit of economies of scale to the investors SEBI Board in September, 2018 has taken a decision to lower the cost for mutual fund investors, bringing in transparency in appropriation of expenses, and reducing mis-selling and churning. SEBI capped the total expense ratio (TER) for equity-oriented mutual fund schemes (close-ended and interval schemes) at 1.25% and for other schemes at 1%. The TER cap for fund of funds will be 2.25% for equity-oriented schemes and 2% for other schemes. However, it allowed an extra 30 basis points (bps) for selling in B-30 (beyond top 30) cities. This will bring down the cost of investors (both institutional as well as retail investors) in the mutual fund industry. SEBI has issued circular dated 22.10.2018 in this regard.
- III. The process of registration of financial market intermediaries like mutual funds, brokers, portfolio managers, Registrar to an Issue and Share Transfer Agents, Debenture Trustees, Bankers to an Issue, Credit Rating Agencies, Investment Advisors, etc. has being made fully online by SEBI.
- IV. In order to reduce the burden of corporate lending from the banking System, SEBI has issued circular dated 26.11.2018 regarding 'Fund raising by issuance of Debt Securities by Large Entities' which mandates large corporates to raise 25 per cent of their financing needs from the corporate bond market.
- V. Unified Payment Interface (UPI) has been introduced as a payment mechanism for retail investors in IPOs. The move is intended to reduce the time period for listing after an initial public offering to three days from currently T + six days.
- VI. Government in consultation with SEBI has constantly endeavored to enhance the quality of disclosures made by the CRAs. In pursuance of the same, vide its circular dated 13.11.2018 SEBI made certain changes in disclosure requirements in terms of Disclosures in the Press Release regarding Rating Actions, Review of Rating Criteria, Disclosure of Average Rating Transition Rates for long-term instruments, Disclosure of performance of CRAs on Stock Exchange and Depository website, Internal Audit of CRAs etc.
- VII. In view of rapid growth in the segment of start-ups, or early stage ventures or social ventures or SMEs etc, SEBI has brought certain amendments in the AIF Regulation with an aim to provide impetus to early-stage start-ups. SEBI, vide notification dated 1st June, 2018, has increased the maximum investment limit by angel funds in venture capital undertakings to ₹10 crore from the current ₹5 crore. The minimum investment requirement by angel investors has been relaxed by increase in maximum time period for accepting such funds from three years to five years. The minimum corpus size required for an angel fund to register with SEBI has been reduced from ₹10 crore to ₹5 crore.
- VIII. SEBI in consultation with the market participants have issued 'Operating Guidelines for Alternatives Investment Funds in IFSC' on 26th November, 2018. The framework provides for registration, compliances and other requirements for AIFs operating in IFSC.
- IX. In order to expand the universe of companies to whom OFS mechanism is available, SEBI Board has approved that OFS mechanism shall now be available for shareholders of companies with market capitalization of ₹.1000 crores and above.
- X. The three Securities Act viz SEBI Act, 1992, SCRA 1956 and the Depositories Act, 1996 provides for the establishment/designation of the Special Courts for speedy trial of offences under the aforementioned Acts. This was incorporated through the Securities Laws Amendment Act, 2014. During the current financial year, Department of Economic Affairs has designated 14 new district sessions courts as special courts under the Securities Laws in the State of Maharashtra, Tamil Nadu, West Bengal, Rajasthan, Gujarat, Andhra Pradesh, Telangana, J& K, Punjab, Haryana, Madhya Pradesh, Karnataka, UT of Chandigarh etc.
- XI. SEBI had appointed a Committee in June 2017 under the Chairmanship of Shri Uday Kotak to advise on issues relating to corporate governance. Department of Economic Affairs was represented by Joint secretary (FM) in the committee. The Kotak Committee submitted its report on October 5, 2017. The Committee has made recommendations related to issues of independent Directors, Issues in accounting and auditing practices by listed companies, improving effectiveness of Board Evaluation practices, Disclosure and transparency related issues etc. recommendations of Kotak Committee were examined by this Department in close consultation with SEBI & Ministry of Corporate Affairs. SEBI has amended the SEBI LODR Regulations vide notification in June, 2018 to bring into effect the decisions taken in this regard.





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The main thrust of these steps has been towards enhancing ease of investing in securities market, increasing penetration, enhancing governance norms, facilitating fund raising by corporates and aligning the securities market development with the needs of the economy.

Annexure A

3.3. Data on Primary market for years 2017-18 & 2018-19 (As per SEBI Report of December, 2018)

Table I: Capital Raised from the Primary Market through Public and Rights Issues

Year / Month	Total		Category-Wise				Issue-Type	
			Public		Rights		IPOs	
	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)
2017-18	229	1,10,360	208	88,960	21	21,400	199	83,774
2018-19*	118	43,065	114	41,938	4	1,127	101	13,898

Table II: Funds Mobilized through Issuance of Corporate Bonds in India (Listed Securities)

Financial Year	No. of Public Issues	Amount Raised through Public Issue (₹ Crore)	No. of Pvt. Placement	Amount Raised through Private Placement (₹ Crore)	Total Amount Raised through Public Issue and Pvt. Placement (₹ Crore)
2017-18	7	4,953	2,706	5,99,147	6,04,100
2018-19*	15	28,565.21	1,486	2,88,450.07	3,17,015.28

Table III: Resource Mobilization by Mutual Funds (in Rs. Crore)

Year / Month	Gross Mobilisation			Redemption			Net Inflow/ Outflow			Assets at the End of Period
	Pvt. Sector	Public Sector	Total	Pvt. Sector	Public Sector	Total	Pvt. Sector	Public Sector	Total	
2017-18	1,73,82,189	36,16,463	2,09,98,652	1,71,53,718	35,73,137	2,07,26,855	2,28,471	43,326	2,71,797	21,36,036
2018-19*	1,28,12,990	30,58,940	1,58,71,930	1,26,67,884	29,80,393	1,56,48,277	1,45,106	78,547	2,23,653	24,03,134

*Upto November 30, 2018





3.4. Secondary Market

- 3.4.1. Union Government in consultation with state governments has prepared suitable amendments to Indian Stamp Act, 1899 as announced during the Budget of 2018-19 for rationalising the collection and allocation mechanism for stamp duty for securities market instruments. The Bill will soon be introduced in the Parliament.
- 3.4.2. In view of the evolving start-up ecosystem and to make the Institutional Trading Platform ("ITP") more accessible, the SEBI Board in its meeting held on December 12, 2018, has approved to reorient the Platform as Innovators Growth Platform ("IGP") focused on issuers who are intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value. Suitable relaxed conditions have been provided for them to list on the stock exchanges without an IPO process.
- 3.4.3. SEBI has introduced physical settlement of equity derivatives in a phased manner to bring in better synergy between cash and derivative segments and enhanced the eligibility criteria for introduction of stocks in Derivatives Segment.
- 3.4.4. SEBI has enabled interoperability among clearing corporations (CCPs) which provides for linking of multiple CCPs by allowing participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed. It is envisaged that the interoperability would lead to efficient allocation of capital for the market participants, thereby saving on cost as well as provide better execution of trades.
- 3.4.5. In pursuance of the Budget announcement 2018-19, a Notification was issued on 9th July 2018 under Section 20 of the Indian Trust Act, 1882 to permit private trusts to invest in Corporate bonds which are rated "A" as against the existing stipulation of minimum rating of AA.
- 3.4.6. SEBI revised the Dividend Adjustment policy in July 2018 by tightening the threshold level for making adjustments in the Strike Price in options or futures prices from 10% to 5%.
- 3.4.7. SEBI on 4th May 2018 permitted Stock Exchanges to set their trading hours in the Equity Derivatives Segment between 9:00 AM and 11:55 PM, similar to the trading hours for Commodity Derivatives Segment.
- 3.4.8. SEBI, vide circular dated April 09, 2018, has issued several measures to address the concerns relating to algorithmic trading and colocation / proximity hosting facility offered by stock exchanges and to provide a level playing field between Algorithmic/ Co-located trading and manual trading. In order to facilitate small and medium sized trading members, stock exchanges have been asked to introduce managed co-location services, wherein space will be provided to vendors along with technical knowhow and other expertise, besides providing some services for free.
- 3.4.9. In May 2018 SEBI revised its framework for suspension of companies to make its standard operating procedure (SOP) comprehensive and to empower stock exchanges to immediately deal with non-compliances with listing conditions. It is proposed to impose fines on violations of 24 Regulations of Listing Regulations, as opposed to violations of only 4 Regulation at present. Under the new scheme fines would accrue only till the date on which trading is suspended. The fines after suspension are replaced with compulsory delisting, to create a credible threat to non-compliant companies. Accordingly thousands of companies have been delisted from the exchanges.





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- 3.4.10. SEBI has advised Stock Exchange to direct their members/stock brokers to provide Annual Global Statement to their clients, containing details of all transactions done in a financial year with consolidated buy price/quantity or sell price/quantity. This statement would be helpful to the investors to ascertain the profit or loss made and also helpful in filing income tax returns, since all transactions done in a particular period are available at one place.

3.5 Commodity Derivatives

- 3.5.1 Non-speculative status was conferred on Agriculture Commodity Derivatives transactions carried out in a SEBI recognized stock exchange, by amendment to section 43(5) of Income Tax Act, 1961
- 3.5.2 Rate of STT on exercise of Option in Commodity Derivatives was reduced from 0.125% to 0.0001%.
- 3.5.3 After allowing for integration of commodity derivatives market with equity market at the level of intermediaries/brokers, integration has been facilitated at the level of Exchanges from October 2018 onwards. Both commodity derivatives segment and equity segment can now be offered by a single, unified stock exchange. Accordingly, so far, Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) have started offering derivatives trading in non-agricultural commodities.
- 3.5.4 As a first step for opening up the commodity derivatives markets to the foreign participants, SEBI on 9 October 2018 permitted foreign entities having actual exposure to Indian commodity markets, to participate in the domestic commodity derivatives markets.
- 3.5.5 SEBI has decided that instead of levying regulatory fee at the prescribed turn-over based slab rates, a nominal regulatory fee at a flat rate of INR 1,00,000 per exchange, would be levied on turnover arising from agricultural commodity derivatives so to utilize the funds accumulated from reduction in regulatory fees to enhance participation of farmers/FPOs in commodity markets.
- 3.5.6 SEBI has prepared a roadmap for converting all commodity derivative contracts into compulsory physical settlement mode to anchor it to the spot markets.
- 3.5.7 As regards the agricultural commodity derivatives, exchanges have changed the trade timings for agricultural commodities (not internationally referenced) from 10:00 AM - 5:00 PM to 9:00 AM - 5:00 PM, an increase of one hour. For the internationally referenced agricultural commodities, like crude palm oil, trade timings have been changed from previous timing of 10:00 AM - 9:30 PM to 9:00 AM - 9:00 PM, net increase of half an hour. Likewise, trading hours in non-agricultural commodities have been changed from 10:00 AM - 11:30/11:55 PM to 9:00 AM - 11:30/11:55 PM, an increase by one hour.

3.6 External Market

- 3.6.1 Pursuant to the Budget announcement of 2017, Department of Economic Affairs, vide Gazette notification dated August 21, 2018, has notified the Common Application Form for Foreign Portfolio Investors for the purpose of registration, opening of bank and demat accounts, and application for PAN by FPI's in India. This will greatly enhance operational flexibility and ease of access to Indian capital markets.

a) New External Commercial Borrowings (ECB) Framework

Reserve Bank of India, in consultation with the Ministry of Finance, rationalised the extant framework for





ECB and Rupee denominated bonds to further improve the ease of doing business. Accordingly, a new ECB policy has been notified in January 2019. Major liberalisation/rationalisation in the new framework are as under:

- (a) Tracks I (short term foreign currency denominated ECB) and II (long term foreign currency denominated ECB) under the existing framework are merged as "Foreign Currency denominated ECB". Similarly, Track III (Rupee denominated ECB) and Rupee Denominated Bonds framework are combined as "Rupee Denominated ECB". The framework is instrument-neutral.
- (b) The list of eligible borrowers has been expanded. All entities eligible to receive foreign direct investment can borrow under the ECB framework.
- (c) Any entity who is a resident of a country which is FATF or IOSCO compliant will be treated as a recognised lender. This change increases the lending options and allows various new lenders in ECB space while strengthening the AML/CFT framework.
- (d) The minimum average maturity period (MAMP) has been kept at 3 years for all ECBs, irrespective of the amount of borrowing in lieu of various layers of MAMPs as at present, except the borrowers specifically permitted in the circular to borrow for a shorter period.
- (e) All eligible borrowers can now raise ECBs up to USD 750 million or equivalent per financial year under the automatic route replacing the existing sector wise limits.
- (f) Introduction of late submission fee for delay in prescribed reporting under the ECB framework to obviate the need for compounding these contraventions.

b) Review of FPI investment limits

Reserve Bank of India, in consultation with Ministry of Finance undertook a detailed review of current regulations on debt investment by Foreign Portfolio Investors (FPI) in April 2018 to facilitate the investment by FPIs. Accordingly, after consultation with the Government of India, the FPI investment limits were revised as below:

- (a) The limit for FPI investment in Central Government securities (G-secs) increased by 0.5% each year to 5.5% of outstanding stock of securities in 2018-19 and 6% of outstanding stock of securities in 2019-20.
- (b) The limit for FPI investment in State Development Loans (SDLs) would remain unchanged at 2% of outstanding stock of securities.
- (c) The overall limit for FPI investment in corporate bonds fixed at 9% of outstanding stock of corporate bonds
- c) Common Application Form for FPIs

Pursuant to the Budget announcement of 2017, Department of Economic Affairs, vide Gazette notification dated August 21, 2018, has notified the Common Application Form for Foreign Portfolio Investors for the purpose of registration, opening of bank and demat accounts, and application for PAN by FPI's in India. This will greatly enhance operational flexibility and ease of access to Indian capital markets.





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4. Financial Stability and Cyber Security Division

4.1 Financial Stability and Development Council (FSDC)

4.1.1 Background

- The Financial Stability and Development Council (FSDC) has been functioning since 2010 under the Chairpersonship of Hon'ble Finance Minister with all financial sector regulators and officials from selected ministries/ departments of the Government of India as members, with a view to strengthen and institutionalize the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development. The Council is supported by a Sub-Committee (FSDC-SC), chaired by Governor, RBI, which, in turn has four technical/ inter-regulatory groups functioning in the areas of financial literacy & inclusion, inter-regulatory co-ordination, early warning and supervision of financial conglomerates. Financial Stability and Cyber Security (FS&CS) Division in the Department of Economic Affairs serves as the Secretariat for the Council with Adviser(FS&CS) being the Secretary to the FSDC.

4.1.2 Activities undertaken in 2018

- **The membership of FSDC** has been expanded with the addition of three new members. Vide Gazette Notification dated 23rd May 2018, Minister of State, in-charge-of DEA, Secretary, Department of Revenue (DoR) and Secretary, Ministry of Electronics and Information Technology (MEITY) are included as members.
- **FSDC** held its 19th meeting under the Chairmanship of the Union Finance Minister on October 30, 2018. The Council discussed current global and domestic economic situation, real interest rate, current liquidity situation, strengthening of Cyber Security in Financial Sector including progress made towards setting up of a Computer Emergency Response Team in the Financial Sector (CERT-Fin), market developments and financial stability implications of the use of RegTech and SupTech by Financial Firms and Regulatory and Supervisory Authorities, challenges of Crypto Assets/Currency, and implementing the Recommendations of the Sumit Bose Committee regarding upfront disclosure of commission of distributors.
- **The Sub-Committee of FSDC** held its 21st meeting on June 14, 2018. Secretary of the FSDC represented Department of Economic Affairs (DEA) in the meeting. The Sub-Committee reviewed the major developments on the global and domestic fronts that impinge on the financial stability of the country. The Sub-Committee also discussed framework for Systemically Important Financial Institutions (SIFI), Common Stewardship Code for financial sector, single entity undertaking multiple activities and status of Central KYC Registry (CKYCR). Further, the Sub-Committee reviewed the status of Corporate Insolvency Resolution Process, functioning of State Level Coordination Committee (SLCCs) in various States / Union Territories (UTs) and activities of its various Technical Groups. Investor Education and Protection Fund (IEPF), action taken against Shell companies, legal framework for cross border insolvency and issues regarding acceptance of deposits under Companies Act were the other issues discussed in the meeting.
- **Early Warning Group (EWG)** met twice in 2018, on April 25, 2018 and on October 06, 2018. These meetings discussed major macroeconomic developments, reviewed the mandate of EWG, operational risks and their impact on financial stability, ongoing issues, challenges and regulatory response pertaining to Cyber





Security and concentration risk for institutional investors viz. banks/MFs/insurance, companies/ pension funds due to exposure in the power sector and recent developments in the NBFC sector.

- **Technical Group of Financial Inclusion and Financial Literacy (TGFIFL)** met once on March 22, 2018. They discussed setting up of National Centre for Financial Education (NCFE) as a section 8 company. It was decided that an inter-regulatory working group be formed with officers at senior level from each regulator with terms of reference (ToR) including guiding the NCFE in the finalization of the survey questionnaire and methodology for the pan India survey, and preparation of the revised (Second) National Strategy for Financial Education (NSFE).

4.1.3 Achievements

- Through **Action Taken Report (ATR)** the decisions taken in all the past FSDC meetings are being regularly followed up with the Regulators/ Departments/ Ministries concerned. Based on the completed actions, the Council decide to close 6 ATR issues in its 19th meeting, after which 23 ATRs are still being actively followed up.
- **Annual Report of FSDC:** Following the recommendation of Financial Stability Board (FSB), FSDC has been producing Annual Report covering the activities of the FSDC for circulation among members only. The first Annual Report for the year 2016-17 was circulated in February 2018 and the second Annual Report for 2017-18 was circulated in November 2018.

4.2 Setting-up of Financial Data Management Centre (FDMC)

- In the Budget Speech of 2016-17, the Hon'ble Finance Minister announced setting up of Financial Data Management Centre (FDMC) under the aegis of the FSDC to facilitate integrated data aggregation and analysis in the financial sector. In 2018, progress has been made towards finalization of the draft Cabinet Note and the draft FDMC Bill in consultation with the Ministry of Law & justice. The Draft Cabinet Note and the Bill had been circulated among concerned Ministries and Departments several rounds in the previous years and changes were brought in response to the suggestions received at various stages of consultations.

4.3. Coordination with Financial Stability Board (FSB)

4.3.1 Background

- The Financial Stability Board (FSB) is an international body, a G-20 arm, which monitors and makes recommendations about the global financial system with broadened mandate to promote financial stability. The Board includes all G-20 major countries including India and Multilateral/Standard Setting Bodies like Basel Committee on Banking Supervision (BCBS), International Organisation of Securities Commissions (IOSCO), International Association of Insurance Supervisors (IAIS) etc.
- The FSB consists of a Plenary, Steering committee, Regional Consultative Groups (RCG), standing committees and sub-groups as per requirements.
- The Plenary is the sole decision-making body of the FSB. It consists of representatives of all Members and is currently composed of 54 representatives from 25 jurisdictions, six representatives from four international financial institutions and nine representatives from six international standard-setting, regulatory, supervisory





and central bank bodies. The Plenary: (i) adopts reports, principles, standards, recommendations and guidance developed by the FSB; (ii) establishes Standing Committees and working groups (iii) decides on membership of the FSB, seat assignments to Members in the Plenary, composition of the Steering Committee and the Standing Committees; (iv) approves the work programme and the budget of the FSB, and appoints the Chair, Chairs of the Standing Committees, the Secretary General and the external auditor of the FSB. India has three seats in FSB plenary i.e. Secretary (EA), Deputy Governor, (Shri N S Vishwanathan), Reserve Bank of India and Chairman, Securities and Exchange Board of India.

- The Steering Committee provides operational guidance between plenary meetings to carry forward the directions of the FSB and prepare the Plenary meetings in order to allow the Plenary to efficiently fulfill its mandate. The Steering Committee also has responsibility for: (i) monitoring and guiding the progress of ongoing work; (ii) promoting coordination across the Standing Committees and working groups and commissioning work therefrom; (iii) ensuring effective information flow to the full membership; and (iv) coordinating and conducting reviews of the policy development work of the international standards setting bodies. India is represented in Steering Committee by Deputy Governor (Shri N S Vishwanathan), Reserve Bank of India
- FSB has four Standing Committees, each with specific but complementary responsibilities towards the above process: (i) The Standing Committee on Assessment of Vulnerabilities (SCAV), which is the FSB's main mechanism for identifying and assessing risks (ii) The Standing Committee on Supervisory and Regulatory Cooperation (SRC), which is charged with undertaking further supervisory analysis or framing a regulatory or supervisory policy response to a material vulnerability identified by SCAV (iii) The Standing Committee on Standards Implementation (SCSI), which is responsible for monitoring the implementation of agreed FSB policy initiatives and international standards (iv) Standing Committee on Budget and Resources (SCBR) which inter alia provide the Plenary with assessments of the resource needs of the Secretariat taking into account the current mandate, the work programme and emerging demands. India in SCAV and SRC is represented by DG(RBI)(Shri N S Vishwanathan) & SCSI and SCBR by Secretary (EA).
- FSB established in 2011 six Regional Cooperation Groups(RCGs), one each for the Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa region, to expand upon and formalise the FSB's outreach activities beyond the membership of the G20 and to reflect the global nature of our financial system. The FSB Regional Consultative Groups are governed by an Operational Framework and provide a structured mechanism for (i) interaction of FSB members with non-members regarding the various FSB initiatives underway and planned; (ii) promoting implementation within the region of international financial policy initiatives; and (iii) the regional group members to share amongst themselves and with the FSB their views on vulnerabilities affecting the financial system, on FSB initiatives and on other measures that could be taken to promote financial stability. India has three seats in RCG, Asia i.e. Secretary (EA), Deputy Governor (N S Vishwanathan), Reserve Bank of India and Chairman, Securities and Exchange Board of India.
- The International Monitoring Network (IMN) of FSB has the mandate of gathering information on national implementation measures to assist the FSB in monitoring progress and to consider if there are any further actions needed for proper sequencing and coherent implementation of the recommendations. Comprehensive





Implementation Monitoring Network (IMN) Survey exercise for India is undertaken regularly on annual basis by the Division. The work involved overseeing, coordinating, removing duplication, cross verification, inclusion of matter pertaining to FSDC, regulators/departments like RBI, SEBI, IRDA, PFRDA, FSLRC.

- The Financial Stability and Cyber Security Division (FS&CS Div.) acts as the jurisdictional nodal point for representation at FSB, Basel for which, it coordinates with financial sector regulators/departments/ministries in India. It supervises, coordinates amongst relevant regulators/departments, performs follow-up, administrative arrangements as per agenda items for brief, intervention points/status, folder, etc. for various FSB meetings, peer reviews, telephonic conference calls, FSB surveys/reports/questionnaires that are conducted by FSB over from time to time.

4.3.2 India's Achievements in 2018: Compliance with International Regulatory Standard

- India's position in priority as well as non-priority areas of financial sector regulatory reforms monitored by Financial Stability Board has improved in 2018 as compared to 2017. This has been due to the coordinated efforts of the Government of India and financial sector regulators. The improvements in priority areas are particularly in "compensation", "transfer/bridge/ run-off power for insurers", and "Over the Counter Derivatives - Trade Reporting and Platform Trading". Out of the 17 sub-categories of indicators monitored under priority areas, India is compliant on 9, one indicator is not applicable to India, implementation is ongoing in 5 areas and only in two areas India does not have regulatory provisions in place as required under FSB norms. So far as non-priority areas of reforms are concerned, India is compliant on 20 out of 22 areas.

4.4 Financial Sector Assessment Programme (FSAP)

- The second quinquennial Financial Sector Assessment Program (FSAP) of India jointly conducted by IMF and World Bank (WB) was successfully completed in 2017 and the IMF and the WB have published the Financial System Stability Assessment Report (FSSA) (along with IMF Press Release, Supplement on Bank Recapitalization measures and Buff statement of IMFED India) and Financial Sector Assessment (FSA) report respectively on 21/12/2017 on their respective websites. Subsequently, a press release in this regard was also issued by DEA on the same date highlighting the major observations contained in these reports and the opinion of Indian jurisdiction on key matters.
- Now, compliance of recommendations are being followed up with all the financial regulators.

4.5 Macro Financial Monitoring Group (MFMG)

- The Macro Financial Monitoring Group was set up in 2012 under the Chairmanship of CEA to discuss any specific emergent issues, and meets regularly in DEA with representation from all the Departments of the Ministry of Finance.
- The Group discusses the Macro Financial Monitors, which is essentially the information collated from various "anchor divisions" on important macroeconomic and financial variables. The FS & CS Division presents some highlights of global and domestic developments for the information of members. The Group has held 21 meetings so far





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

- Hon'ble FM in his Budget Speech for 2017-18 stated that Cyber security is critical for safeguarding the integrity and stability of our financial sector and announced that “a Computer Emergency Response Team for our Financial Sector (CERT-Fin) will be established. This entity will work in close coordination with all financial sector regulators and other stakeholders”
- While finalizing the revised scope and functions of the proposed CERT-Fin including its funding and its organizational structure it has been decided that the financial sector agencies such as 'MCA 21' of Ministry of Corporate Affairs, Employees Provident Fund Organization (EPFO), Serious Fraud Investigation Office (SFIO), Security Printing and Minting Corporation of India Limited (SPMCIL), Goods and Service Tax Network (GSTN) can be brought under the ambit of CERT-Fin and other relevant organizations may join subsequently.
- Further, in the meeting of Secretary(EA) held on 13th August, 2018 with the participation of Secretary (MeitY), DG, (Cert-In) and DDG, (NIC) among others, it was decided to set up Cert-Fin under the umbrella of Cert-In and to explore possibility of stationing Cert-Fin at National Data Centre, Shastri Park, Delhi. Subsequently, MeitY has provided draft proposal/resolution with suggestion to set up Cert-Fin within DEA. This proposal is under consideration.

5. Financial Sector Reforms and Legislation (FSRL) Division

5.1. The Fugitive Economic Offenders Act, 2018

5.1.1 Fugitive Economic Offenders Act, 2018

A budget announcement was made by the Government in the Budget 2017-18 that there have been instances of big time offenders, including economic offenders, fleeing the country to escape the reach of law and that the Government would introduce legislative changes or even a new law to confiscate the assets of such persons till they submit to the jurisdiction of the appropriate legal forum. Accordingly, the Fugitive Economic Offenders Act, 2018 has been enacted and published in the Gazette of India on 1st August, 2018. The Act inter-alia, provides for expeditious confiscation of proceeds of crime and properties or benami property owned by a fugitive economic offender in India or abroad with a view to make him submit to the jurisdiction of Courts in India. The Act provides that where the Special Court makes an order for confiscation of any property, and such property is in a contracting State outside India, the Special Court may issue a letter of request to a Court or authority in the contracting State for execution of such order.

5.1.2. Establishment of a comprehensive resolution framework for the financial sector

Financial Resolution and Deposit Insurance Bill, 2017 (FRDI Bill) had been introduced in the Lok Sabha on 10th August 2017 and then, referred to a Joint Committee of Parliament for making a Report to the Parliament. The Bill provided for establishment of a specialised 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 for comprehensive re-examination and reconsideration owing to concerns raised by the stakeholders' on certain provisions of the FRDI Bill.





6. Infrastructure Policy & Finance Division

6.1 Infrastructure projects have huge capital costs, long gestation period and returns that are steady over long time periods. These characteristics of infrastructure projects present both a challenge and an opportunity. To enhance the flow of long-term debt into infrastructure projects, new and innovative instruments such as Infrastructure Debt Funds (IDFs), Business Trusts, i.e. Infrastructure Investment Trusts (InvITs)/Real Estate Investment Trusts (REITs) and National Investment and Infrastructure Fund (NIIF) have been launched by the Government. Besides, India is also trying to develop Brownfield projects into a separate asset class for investment to tap into the changing risk profile of projects over their life cycle. Monetization of brownfield projects, which are considerably de-risked as they are past the construction stage, is being done through models like Toll-Operate-Transfer (TOT) and Infrastructure Investment Trusts (InvITs) to make them amenable to institutional investment from pension, insurance and sovereign wealth funds. The first bundle of TOT concession (9 National Highway road projects of total 680 km length) was awarded in February 2018 for Concession Fee of ₹9,681.50 crore.

6.2 The meeting of the Working Committee to create a centralized inventory of all Government land including CPSE land was held on 22.03.2018 under the chairmanship of Secretary (DEA) to review the progress of uploading of land data on Government Land Information System (GLIS). 34 Ministries/ Departments have completed the task of uploading of land data, and 21 Ministries/ Departments have partially completed the task. A brief note on uploading of land data on GLIS was sent to the Cabinet Secretary on 27.04.2018.

6.3 Joint Declarations between International Solar Alliance and Asian Development Bank (ADB), African Development Bank (AfDB), New Development Bank, Asian Infrastructure Investment Bank (AIIB), and Green Climate Fund (GCF) have been signed in the presence of Finance Minister on 10.3. 2018.

6.4 Empowered Committee for Viability Gap Funding Scheme chaired by Secretary (DEA), in its 31st Meeting held on 19.09.2018 considered PPP Road project on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis [Four Laning of Pukhrayan - Ghatampur- Bindaki (Chowdagra) of SH 46 with Total Design Length of 82.530 Km and Total Project Cost of ₹1136.45 crore in State of Uttar Pradesh] from Uttar Pradesh State Highways Authority (UPSHA), Government of Uttar Pradesh. EC recommended the project to Finance Minister for "in-principle" approval subject to the certain conditions. The Finance Minister granted "in-principle" approval on 04.10.2018 to the said project.

6.5 Public Private Partnership Appraisal Committee (PPPAC) in its 84th Meeting held on 7.12.2018 under the chairmanship of Secretary (EA) considered Ministry of Home Affairs' proposal of Development of Eco-Tourism Resort in Lalaji Bay, Long Island, Andaman & Nicobar Islands under PPP mode and granted "in-principle" approval to the Project, subject to certain conditions.

6.6 Pursuant to Cabinet decision, in its meeting held on 8.11.2018, Public Private Partnership Appraisal Committee (PPPAC), in its 85th Meeting held on 11.12.2018, under the chairmanship of Secretary (DEA) considered Ministry of Civil Aviation's Proposal for leasing out of six airports of AAI viz. Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvananthapuram and Mangaluru for operation, management and development under Public Private Partnership (PPP) mode for grant of "in-principle" and "final" approval. The PPPAC had recommended the proposal for the approval of Competent Authority, subject to certain conditions.

6.7 Empowered Institution chaired by the Additional Secretary, EA under the Viability Gap Funding Scheme, in its 80th meeting held on 15th January, 2018 accorded "in-principle" approval to the Road Sector proposal "Development, Operation and Maintenance of Ratangarh-Churu Highway Project through PPP on DBFOT basis" of Public Works Department, Government of Rajasthan at Total Project Cost of ₹89.02 crore.

6.8 Empowered Committee chaired by Secretary (DEA) under the Viability Gap Funding Scheme, in its 30th Meeting held on 07.03.2018 has recommended "in-principle" approval to the Finance Minister for the project of





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"Development of Pune Metro Line-III from Hinjewadi-Shivajinagar on DBFOT basis under PPP Mode" at Total Project Cost of ₹6,124 crore. Finance Minister has accorded the "in-principle" approval to the project on 28.03.2018.

6.9 The following notifications have been issued for inclusion in the Harmonized Master List of Infrastructure Sub-sectors:

- i) Vide Gazette Notification dated 13th August, 2018 "Bulk Material Transportation Pipelines" has been included in the Harmonized Master List of Infrastructure Sub-sectors by insertion of a new item in the category of "Transport and Logistics", with a footnote stating that it "includes Oil, Gas, Slurry, Water supply and Iron Ore Pipelines".
- ii) Vide Gazette Notification dated 19th April, 2018, under the category of "Transport & Logistics" the sub-category "Railway track, tunnels, viaducts, bridges, terminal infrastructure including stations and adjoining commercial infrastructure" has been amended as:
 - i. Railway track including electrical & signalling system, tunnels, viaducts, bridges
 - ii. Railway rolling stock along with workshop and associated maintenance facilities
 - iii. Railway terminal infrastructure including stations and adjoining commercial infrastructure.

7. Investment Division

7.1 Domestic Investment

7.1.1 First Investment by NIIF: National Investment and Infrastructure Fund (NIIF) made its first investment on 22.1.2018 by partnering with DP World, a leading enabler of global trade and an integral part of the supply chain, to create an investment platform for ports, terminals, transportation and logistics businesses in India. The platform will invest up to US\$ 3 billion of equity to acquire assets and develop projects in the ports sector, and beyond sea ports into areas such as river ports and transportation, freight corridors, port-led special economic zones, inland container terminals, and logistics infrastructure including cold storage.

7.1.2 An Indian delegation led by Hon'ble Finance Minister visited Saudi Arabia on 18-19 February, 2018. During the visit, Hon'ble FM co-chaired the 12th India-Saudi Arabia Joint Commission meeting. He also attended events with Saudi Arabia Public Investment Fund and Saudi-India Business Council. He also met Saudi Minister of Trade & Investment, H.E. Dr. Majid Al-Qassabi high level Saudi dignitaries, including King Salman and discussed bilateral issues.

7.1.3 A steering committee under the chairmanship of Secretary Economic Affairs and comprising of Secretaries of MSME, Meity, DFS, chairperson CBEC, CEO UIDAI, DG RBI, and representatives from SEBI and Invest India as members was constituted 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 Objective of the Committee was also to focus on how Fintech can be leveraged to enhance financial inclusion of MSMEs. Draft Report has been circulated to all the members on 11.01.2019.

7.1.4 Two new Funds of National Investment and Infrastructure Fund (NIIF) viz. 'NIIF Fund of Funds-I' & 'NIIF-II' were registered as AIF Category II funds under SEBI. The second fund i.e. NIIF Fund of Funds-I signed a contribution agreement with GOI on 27th March 2018 and the third fund i.e. NIIF-II signed a contribution agreement with GOI on 18th October, 2018.

7.1.5 In March, 2018, NIIF created a Joint Venture (JV) for Ports Platform with DP World and announced its first acquisition - a 90% stake in Continental Warehousing Corporation (Nhava Seva) Ltd (CWCNSL), an integrated multimodal logistics player in India under the Ports JV.

7.1.6 In April, 2018, EverSource Capital, an equal joint venture between Everstone Group and Lightsource BP was selected as the fund manager for Green Growth Equity Fund under umbrella of NIIF.

7.1.7 The National Investment and Infrastructure Fund (NIIF) announced the Second Close of Master Fund with





Temasek, a global investment company headquartered in Singapore on 05th September 2018 and signed an agreement for investments of up to USD 400 million, which may include future potential co- investments with NIIF.

7.1.8 The Union Cabinet granted Ex-Post facto approval to the Memorandum of Understanding (MoU) signed between Department of Economic Affairs (DEA) and Monetary Authority of Singapore (MAS) on 01.06.2018 on constitution of a Joint Working Group on Fintech

7.2 International Investment Treaties & Framework

7.2.1 The main function of this section is to negotiate and conclude Bilateral Investment Treaties with other countries on the basis of the revised Model Bilateral Investment Treaty (BIT) Text which was approved by the Cabinet in 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 expected to be the base text for replacing the existing BIPA with and for having new agreements.

7.2.2 During 2018, Bilateral Investment Treaty (BIT) between the Republic of India and the Republic of Belarus has been signed on 24.9.2017 in Minsk.

7.2.3 Bilateral Investment Agreement between the India Taipei Association in Taipei and the Taipei Economic and Cultural Center in India has been signed on 18th December, 2018 in Taipei.

7.2.4 During 2018 Joint Interpretative Declaration (JID) between the Government of Republic of India and Government of Republic of Colombia has been signed on 4th October, 2018 in Bagota.

7.3 Foreign Trade

7.3.1 "With a view to mobilize idle gold held by households and institutions in the country and to put this gold into productive use and to reduce the country's reliance on the imports of gold to meet the domestic demand, Government launched the Gold Monetisation Scheme on 5th November, 2015". Till November, 2018 a total of Approximately 15433 Kg of gold is deposited under Gold Monetisation Scheme.

7.3.2 Till November 12 2018, a total of 712.985 Kg of Indian Gold Coin has been sold as per summary placed below:

IGC SALES DETAILS (5.NOV.2015 TO 12.NOV.2018)							
		TURNOVER (IN CRORES)	WT. SOLD (IN KGS)	QTY. SOLD (IN NOS.)	DENOMINATION- WISE DETAILS(in Numbers)		
					5G	10G	20G
GRAND TOTAL		231.810	712.985	76729	30309	36696	9724

8. Fund Bank & ADB Division

8.1 15 Legal Agreements, with a combined total of \$3.1239 billion, were signed with World Bank (WB) in the calendar year 2018 for various projects in water, transport, energy, agriculture, social, environment and finance sectors. A total of 105 projects, amounting to US \$27.2609 billion provided by WB are operational in India as of December, 2018. 19 Legal Agreements, with a combined total of \$3.03 billion, were signed with Asian Development Bank (ADB) in the calendar year 2018 for various projects in transport, urban development, energy, agriculture and finance sectors. A total of 74 projects, amounting to US \$13.20 billion provided by ADB are operational in India as of December, 2018.





9. International Economic Relations (IER) Division

9.1 South Asian Association for Regional Cooperation (SAARC)

9.1.1 The 'Framework on Currency Swap Arrangement for SAARC Member Countries', approved by the Government of India on March 1, 2012, was further extended by Hon'ble Finance Minister in 2017 for a further period of 2 years i.e. till 13th November, 2019. The Framework has been amended in 2018-19 to incorporate 'Standby Swap' amounting to USD 400 million operated within the overall size of the Facility. The amendment would provide necessary flexibility to the Framework and would enable India to provide a prompt response to the request from SAARC Member Countries for availing the swap amount exceeding the present limit prescribed under the SAARC Swap Framework.

9.2 SAARC Development Fund (SDF)

9.2.1 The 29th and 30th SAARC Development Fund (SDF) Board Meetings were held in Thimphu, Bhutan on March 18-19, 2018 and in New Delhi, India on December 19-20, 2018 respectively. The 6th SDF Governing Council Meeting was held in Manila, Philippines on May 04, 2018. Under the Social Window a total amount of USD 73.7 million has been committed for 12 projects. The Economic and Infrastructure (E&I) Windows of SDF were operationalized during 2017-18 and the approval has been accorded by the Board of Directors for three projects under these windows till December 2018.

The Organisation for Economic Co-operation and Development (OECD)

- DEA has engagement with the OECD on economic and financial issues through the following channels:-
- Economic Policy Committee and its subsidiary Working Groups/ Working Parties
- Economic and Development Review Committee (EDRC)
- OECD Network on Fiscal Relations across Government Levels
- OECD Economic Surveys of India (biannual)

■ OECD published four Economic Surveys on India in 2007, 2011, 2014 and 2017, and has started preparation for bringing out 5th Economic Survey by end of 2019. The Economic Survey of India by International Organization like OECD has been used to showcase reforms, initiatives and achievements of Government of India to foreign investors and businesses to attract investment and promote exports. The process of OECD in coming up with these Surveys has been very transparent and inclusive.

■ India has been a member of OECD Network on Fiscal Relations across levels of Government since 2013. The Network's overarching objective is to improve countries' policies with regard to the fiscal relations across levels of government and subnational public finance, both on the taxation and spending side, with a view to enhancing economic performance and well-being. The Network provides analysis and statistical underpinnings on how to organise fiscal relations across various levels of Government. In November 2018, Chairman, Finance Commission and Additional Principal Secretary to PM attended 14th annual meeting of the OECD Network on Fiscal Relations across Levels of Government as panelists.

Association of Southeast Asian Nations (ASEAN)

■ DEA has proposed to establish an Annual Financial Dialogue between India and ASEAN in four areas—Macroeconomic Cooperation & Investment Promotion, Infrastructure, Digital Financial Inclusion and Joint Collaboration to combat Financing of terror activities. In this regard, a concept paper has been forwarded to seek comments of ASEAN member countries to take this further.





9.3 G20:

9.3.1 The G20 rose to prominence during the global financial crisis of 2008-2009, when it played an influential role in garnering global cooperation and coordinating international responses to the crisis.

9.3.2 In 2018, the G20 Presidency was with Argentina. Under the theme 'Building consensus for fair and sustainable development', and adopting a gender perspective across the whole of the G20 agenda, the Presidency discussed mainly three priority areas viz. i) Future of Work ii) Infrastructure for Development and iii) A sustainable food future. The G20 Leaders Summit under the Argentine Presidency was held on 30 November- 1 December, 2018 in Buenos Aires, Argentina. The Indian delegation for the Summit was led by Hon'ble Prime Minister.

9.3.3 In the context of Future of work, the G20 Argentine Presidency discussed the need to address the challenge of skills mismatch, especially for developing and least developed countries and created the G20 Repository of Digital Policies, a platform which would support the policymakers in the design and implementation of evidence-based digitalization policies and strategies. The Presidency also focused on the issue of healthy and sustainable soil management as a strategic resource for sustainable agriculture and food production. With a focus to encourage efforts for mobilizing private investment towards infrastructure the Argentine Presidency focused on deliberations aimed at developing infrastructure as an asset class and developed a roadmap for creating infrastructure as an asset class.

9.4 Major achievements of India in G20 Buenos Aires Summit:

9.4.1 Hon'ble Prime Minister presented a 9 point agenda on action against fugitive economic offenders in the G20 Leaders Summit which suggested strong and active cooperation among the G-20 to deal comprehensively and efficiently with the menace of such offenders. Consequently, Leaders' Declaration, adopted at the G20 Buenos Aires Summit, inter alia provides to "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"

9.4.2 India was also able to draw the attention of the G20 Leaders to the need for investing disaster resilient infrastructure as a part of the comprehensive adaptation strategies to climate change. Lastly, India was able to include in the Buenos Aires Declaration a reference to traditional system of medicines in the context of development of stronger health systems.

9.4.3 In line with G20's long standing issue of labor mobility and strengthening social protection systems, India emphasized the importance of social security systems which provide for portability and totalisation of social security benefits. The Buenos Aires Leaders' Declaration reflected India's position of making social protection systems strong and portable. India has remained steadfast to our commitment to the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), in the light of different national circumstances. A clear reference to the Paris agreement and the principle of Common but Differentiated Responsibilities was reflected in the Leaders' Declaration.

9.4.4 India continued to play a very important role as the co-chair of the G20 Framework Working Group which is core working group of G20 on global economic issues. In 2018, the Group submitted a report to the Leaders which highlight the menu of policy option that countries can refer to while formulating policies for dealing with future of work challenge. The report has been endorsed by the G20 Leaders.

9.4.5 Japan took over the G20 Presidency from Argentina on 2nd December, 2018. The 2019 Osaka Summit will be the fourteenth meeting of the G20 and would be held on 28– 29 June 2019 in Osaka, Japan. The Japanese G20 Presidency in 2019 will structure leaders' discussion around the key themes of i) Global Commons for Shared Growth ii) Technological Innovation and iii) Challenges of an aging society.

9.5 BRICS:

9.5.1 BRICS economic and financial cooperation has been undertaking several significant initiatives to address the common issues of developing countries such as international taxation, climate financing, and reforms in governance structure of international financial institutions (IFIs), etc. by evolving concerted approach on such issues. Key





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achievements under BRICS have been the establishment of New Development Bank (NDB) and BRICS Contingent Reserve Arrangement (CRA).

9.5.2 NDB has been steadily strengthening its project portfolio. Till so far, the Board of Directors has approved 26 projects with the total value of US\$ 6,538 billion, across all five NDB member countries and there are several in pipeline. The Bank has successfully floated the first green financial bonds in RMB in the Chinese onshore bonds market for an amount of RMB 3 billion (USD 450mn) and a tenor of 5 years. The first regional office of the NDB has been opened in Johannesburg, and the America's regional office in Brazil is to be opened shortly. The Board of Directors are currently deliberating the criteria for membership expansion of NDB in order to improve the rating of the Bank.

9.5.3 The CRA has been operational for three years. The first test run conducted by the Central Banks during 26th -31st July 2018 ensured the operational readiness of the arrangement. No request has been made so far.

9.5.4 Other notable initiatives under BRICS include a) Establishment of BRICS Public-Private Partnership and Infrastructure Task Force b) Fintech Stocktaking Exercise c) BRICS Bond Fund and d) BRICS Inter-bank Co-operation mechanism (IBCM).

10. Aid Accounts & Audit Division

10.1 This Division is responsible to implement the financial covenants of external Loans/Grants agreements entered between Government of India and various Multilateral and Bilateral funding agencies. The mandate of this Division is primarily to draw-down the committed external loans/grants based upon the withdrawal applications received from different Externally Aided Project Implementing Authorities and to serve the availed debt in time.

10.2 During the current calendar year i.e. 2018 upto 31st December 2018 an amount of ₹47,991 crore has been received/ draw-down as loan and ₹642 crore as grant from different external funding agencies on government account. Debt servicing (payment of Interest and repayment of availed loans) made during the current calendar year upto 31st December 2018 stood at ₹37,246 crore.

10.3 During the calendar year the committed amount of the new loan agreement signed is of ₹57,431 crore. At present 331 loans and 22 grants are in disbursement mode. Loans fully disbursed and operative from debt servicing point of view are 914.

10.4 In addition to above audit of import licences issued by different licensing offices of DGFT is also carried out by this Division. During the calendar year till 31st December 2018 total 48,786 files containing licences under different Export Promotion Schemes have been audited. As a result of Audit total 2,157 observations in the form audit objections have been issued to the respective offices for follow-up action. In the current calendar year based upon audit findings a sum of ₹13.17 crore has been recovered from different parties and deposited in the treasury.

10.5 In the nutshell, the statement is summarized in the following table:

Sl. No.	Year	Disbursements/ Receipts	Payments		
			Principal	Interest	Total
1	2018	₹47,991 crore	₹29,770 crore	₹7,476 crore	₹37,246 crore
2	A. Amount recovered during Calendar Year 2018 based upon Audit ₹13.17 crore B. Amount adjudicated during 2018 based on audit observations ₹ 521 crore				





11. ADMINISTRATION & COORDINATION DIVISION

11.1 Functions

Administration & Coordination Division is responsible for all administrative/establishment matters relating to officers and employees, including Consultants, posted in the Department of Economic Affairs. The Division is also responsible for purchasing, servicing, repairing and maintaining of office equipments, furniture, staff cars and stationery as well as implementation of e-office in the Department. The works relating to protocol, internal coordination, RTI Cell, Departmental Record Room, Cash and Accounts Section, Departmental Library, coordination of public grievances and training of officials are also allocated to the Administration and Coordination Division. The Hindi Unit under this Division is tasked with translation work and implementation of Official Language policy of the Government in the Department.

11.2 Complaints Committee on Sexual Harassment of Women Employees

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.

11.3 Training of Staff Members

Department of Economic Affairs deputed its officials for training to ISTM and other institutes to increase their efficiency and improvement in the quality of their work. During the period 1.1.2018 to 31.12.2018 a total of 50 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.

11.4. Brief on the Activities of Hindi Implementation Cell

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.

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 there-under 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 2018-19 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, 03 Hindi workshops were organized on 15.05.2018, 17.05.2018 and 29.10.2018;
- iii. Hon'ble Finance Minister in his "Message" on the auspicious occasion of **Hindi day** on 14th September, 2018 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, 2018 to 30th September 2018.
- 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. It is an ongoing Scheme;
- 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. Some of the sections of the Department were inspected to see the extent upto which the Official Languages Act, the rules made there-under, the Annual Programme and the orders and instructions etc. relating to Official Language are being complied with; and
- viii. Meetings of the Official Language Implementation Committee of the Department were held regularly in





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which the progress of implementation of Official Language policy was reviewed and appropriate action was taken on the decisions taken in the meetings.

11.5. FINANCE LIBRARY & PUBLICATION SECTION 2018-19

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.

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.

COLLECTION

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, Industry Outlook, and Indiastate. Access to e-journals and back-filed collection through JSTOR is also available.

SERVICES

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.

A useful link 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.

PUBLICATIONS

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

DIGITAL RECORDS:

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 03 TB Data has been digitized and available in digital format.

COMPUTERIZATION

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.

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.





12. Bilateral Cooperation Division

12.1 Bilateral Cooperation Division deals with matters relating to Bilateral Development Assistance from all G-8 countries, namely, USA, UK, Japan, Germany, France, Italy, Canada, Russian Federation, European Union as well as South Korea and the policy relating to it. It also deals with matters relating to extension of Lines of Credit by GoI through EXIM Bank of India to other developing countries under Indian Development and Economic Assistance Scheme (IDEAS) and extension of financial support under Concessional Financing Scheme to Indian Entities bidding for strategically important infrastructure projects abroad. Bilateral Cooperation Division of DEA is the focal point for administering all short term foreign training courses of the duration up to four weeks offered by various international agencies. Activities and achievements of Bilateral Cooperation Division during the Calendar year 2018 are as under:

12.1.1 The United Kingdom (UK) has been providing development assistance to India since 1958. Development assistance from UK is received mainly for achieving the (SDG's) in the areas of health, education, administrative reforms, slum development etc. With effect from January 2016, all new development cooperation programmes by the UK Government will be either Technical Assistance (TA) programmes focused on sharing skills and expertise, or in investments in private sector under PSDI projects focused on helping the poor. Both sides have agreed to this arrangement.

12.1.2 During the calendar year 2018, one Project agreement has been signed on 10.07.2018 to support India-UK Green Growth Equity Fund, wherein UK has committed to provide development assistance to the extent of £120 million as Investment Capital and £10 million as Technical Cooperation.

12.1.3 India-European Union(EU) Macro-Economic Dialogue: Under the Joint Action Plan for India-EU Strategic Partnership adapted 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, with the approval of the Finance Minister, to exchange information and experience on economic developments in respective economies as well as policy context and global challenges, both macroeconomic and structural reform sphere. The 9th meeting of India-EU macroeconomic dialogue was held on 17.05.2018 and co-chaired by Mr. S.C Garg, Secretary, Department of Economic Affairs from Indian side and Mr. Marco Buti, Director General for International economic and financial relations, from the EU side wherein issues such as macroeconomic situation & reforms in the EU & in India, tax reforms, GST and demonetization etc. were discussed.

12.1.4 Bangalore Metro Rail Project Phase II: Finance Contract B for remaining loan of €200 million out of total loan of €500 million was signed between Department of Economic Affairs (GoI) and European Investment Bank (EIB) on 28.09.2018. This loan is to be utilized for construction of a metro line (Reach 6) of about 22 km length with 18 stations and related purchase of fleet of about 96 metro cars in the city of Bangalore in the State of Karnataka.

12.1.5 The Indo-German Annual Consultation Meeting 2018 was held on 3rd May 2018 in New Delhi between India, represented by DEA and Germany, represented by BMZ. In this meeting apart from discussing policy issues, discussion and review of ongoing projects and new project proposals under the Indo-German bilateral Development Cooperation programme were held.

12.1.6 The DEA-AFD(French Agency for Development) Annual Consultation Cum Negotiation Meeting 2018 was held between DEA and AFD in Paris, France on 12 October 2018. During the meeting review of various project proposals and review on ongoing project in the sector of urban transport, Green Energy, Water and Sanitation, urban development including smart cities and biodiversity were discussed.

12.1.7 The Indo-German Annual Negotiation Meeting 2018 was held on 28th November 2018 in New Delhi. Apart from the review on ongoing projects and proposals the German side had committed an amount of Euro 765.02 million for both Technical Assistance and Financial Assistance under the Indo-German Bilateral Development Cooperation programme.

12.1.8 The agreements for a Euro 100 million sovereign loan and a Euro 6 million grant for Technical Assistance for the project City Investments to Innovate, Integrate and Sustain (CITIIS) was signed between DEA and AFD on 10th March 2018 to support the Smart City Mission.

12.1.9 Financing Agreement for Bio-Diversity Conservation in community conserved Areas given the climate change impact in Nagaland - Grant 6.5 million, was signed between DEA and KFW on 20th December, 2018.





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12.1.10 Loan Agreement for 'Environment friendly urban development in Ganga States - Loan Euro 120 million, was signed between DEA and KFW on 20th December, 2018.

12.1.11 DEA has given no-objection for signing of agreement for KFW assisted Solar Project of Bank of Baroda - Loan Euro 100 million (USD) and Grant Euro 1.20 million on 20th December, 2018.

12.1.12 DEA has given No-objection for signing of agreement, for Integrated Watershed Development for Rehabilitation of Degraded Soils and Climate Change Adaptation for Euro 5 million grant (additional funding), between NABARD and KFW on 24th December, 2018.

12.1.13 Japan has been extending bilateral loan and grant assistance to India since 1958. Cumulative commitment of Japanese ODA loan to India has reached Yen 5815.178 billion on commitment basis for two hundred and eighty four individual loan agreements till 31.12.2018. In the calendar year 2018, Government of Japan has committed JICA ODA loan for the following projects:

S.No	Name of Project	JICA Loan amount in Yen billion
1	Project for Construction of Chennai Seawater Desalination Plant (I)	30.000
2	Mumbai Metro Line 3 (II)	100.000
3	Project for Improvement of Himachal Pradesh Forest Ecosystems Management and Livelihoods	11.136
4	Project for Installation of Chennai Metropolitan Area Intelligent Transport Systems	8.082
5	Project for Renovation and Modernization of Umiam-Umtru Stage-III Hydroelectric Power Station	5.497
6	Chennai Metro Project (Phase 2) (I)	75.519
7	Delhi Mass Rapid Transport System Project (Phase 3) (III)	53.675
8	North East Road Network Connectivity Improvement Project (Phase 3)(I)	25.483
9	Project for the Construction of Turga Pumped Storage (I)	29.442
10	Project for the Construction of Mumbai Ahmedabad High Speed Rail (II)	150.000
11	Project for the Construction of Chennai Peripheral Ring Road (Phase 1)	40.074
12	Project for Sustainable Catchment Forest Management in Tripura	12.287
13	Project for the Dairy Development	14.978
14	Program for Japan-India Cooperative Actions towards Sustainable Development Goals in India	15.000





Department of Economic Affairs I

12.1.14 During the year 2018, following proposals for extension of Govt. of India supported Lines of Credit (LoCs) extended through the Exim Bank of India have been approved:

S.No.	Name of Country	Amount of LoC in US \$ millions	Purpose
A. African Countries			
1.	Mozambique	38.00	For construction of 1600 bore wells with hand pumps & 8 small water systems.
2.	ECOWAS	500.00	Additional LoC to ECOWAS Bank got Investment & Development (EBID).
3.	Ethiopia	147.43	For Mekele Industrial Park 400 kv power transmission project.
4.	Mauritius	100.00	For defence procurement.
5.	Rwanda	66.6	For Base-Butaro-Kidano raod Project (redirection of 66.6 mn from existing LoC of 80 mn extended for Huye-Kibeho-Ngoma-Munini Road Project)
6.	Uganda	64.5	For development of infrastructure for agriculture & dairy sector.
7.	Uganda	141.5	For grid reinforcement & extension project.
8.	Ethiopia	133.70	For new 230 KV interconnection between Ethiopia & Djibouti, 230 KV Combalcha II- Demera transmission line along with associated substations extension at Semera, Nagad & Combolcha II.
9.	Zimbabwe	19.5	Additional LoC for upgradation of Deka Pumping Station and River Water Intake System.
10.	Rwanda	100.00	For development of two SEZs and expansion of the Kigali SEZ-reg.
11.	Rwanda	100.00	For Agriculture Projects.
12.	Zimbabwe	23.00	Additional LoC for Renovation/Upgradation of Bulawayo Thermal Power Plant- extension of additional LoC of US\$ 23 million- reg.
13.	Burundi	161.36	For Construction of new Parliament & two Ministerial buildings
14.	DR Congo	33.29	For Installation of 15 MW Solar Photovoltaic Power Project at Karawa, Province- North Ubangi, DR Congo.
15.	DR Congo	25.27	For Installation of 10 MW Solar Photovoltaic Power Project at Lusambo Province- San Kuru, DR Congo
16.	Mozambique	95.00	For procurement of railway rolling stock including locomotives, coaches & wagons.
17.	DR Congo	24.55	For Installation of 10 MW Solar Photovoltaic Power Project at Mbandaka, Province- Equator, DR Congo
Africa Total		1,773.70	
B. Non-African Countries			
1.	Sri Lanka	50.00	For procurement of military & transport vehicles for Sri Lankan Armed Forces & other defence equipment made in India.
2.	Suriname	3.50	For servicing & maintenance of 3 Chetak helicopters.
3.	Papua New Guinea	100.00	For development of road & infrastructure sector.
4.	Uzbekistan	200.00	For Housing & Social Infrastructure projects.
Non-Africa Total		353.50	
Total (A+B)		2,127.20	





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12.1.15 Foreign Trainings : 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.

12.1.16 U.S. Agency for International Development (USAID) :

The United States of America (USA) bilateral development assistance to India started in 1951 and it is mainly administered through the U.S. Agency for International Development (USAID). Currently, following projects are being implemented by USAID in partnership with Government of India; viz. (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

12.1.17 United States Trade and Development Agency (USTDA) :

- USTDA promotes economic growth in emerging economies by facilitating the participation of U.S. businesses in the planning and execution of priority development projects in host countries.
- The Agency's objectives are to help build the infrastructure for trade, match U.S. technological expertise with overseas development needs, and help create lasting business partnerships between the United States and emerging market economies. Priorities for USTDA's program in India include energy and climate change, transportation (especially aviation), and information and communication technology
- 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 2018, DEA gave approval for following USTDA proposals:
- Refinery Off-Gases to Ethanol Project Feasibility Study - Technical Assistance for Indian Oil Corporation Ltd. (IOCL);
- Executive Development Training Program (EDTP) - Technical Assistance Program for Rajiv Gandhi National Aviation University (RGNAU)
- CNS/ ATM Modernization Roadmap - Technical Assistance for Airports Authority of India (AAI)

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

- International Development Research Centre (IDRC) of Canada extends grant assistance to various Governments and Non-Government organizations for projects in the field of agriculture, health and family welfare etc. A Memorandum of Understanding between the GoI and IDRC to usher the "programme based research support" in addressing current and future global and local development challenges was signed on February 22, 2018 between Joint Secretary (BC), DEA and Dr. Jean Lebel, IDRC President.
- Since 1972, IDRC has funded over 551 research activities worth CAD 159 million in India through institutions, researchers and NGOs.
- During 2018, DEA has granted approval for eight (8) IDRC Grant Proposals worth CAD 1.28 million (CAD 12,85,000)





13. INTEGRATED FINANCE DIVISION

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.
- (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 Detailed Demands for Grants i.e. Grant No.29-Department of Economic Affairs. 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 'Outcome Budget/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:

Budgetary allocation of the Grants (on net basis).

(₹ in Crore)

Grant		BE 2018-19	RE 2018-19	BE 2019-20
29-Department of Economic Affairs	Revenue	4359.64	2562.95	2577.41
	Capital	8383.20	9491.79	11543.21
	Total	12742.84	12054.74	14120.62

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.





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14. Directorate of Currency

14.1 New Series of Coins which are friendly to visually impaired people:-

14.1.1 New prototypes of coins which are friendly to visually impaired people have been prepared by the Government through SPMCIL. These coins will be minted after taking approval of the competent authority and due deliberation with the concerned stakeholders.

14.2 Issue commemorative coins:-

14.2.1 To honour the lasting contribution made by Shri P.C. Mahalanobis and Shri Atal Bihari Vajpayee, commemorative coins have been released during 2018-19 by the Government. Commemorative coins were also released to mark Paika Rebellion and to honour hoisting of tricolour in Port Blair by Shri Netaji Subhash Chandra Bose.

14.3 Notes in circulations (NICs):

14.3.1 Post-demonetization of November, 2016, the Department has taken various steps to normalize the supply of currency notes in the economy. At the time of demonetization, the NICs was around ₹17,74,200 crore, which fell drastically to ₹8,99,979 crore during December, 2016. However, because of concerted efforts by the Government, NICs has risen to ₹20,21,730 crore as on 9th January, 2019.

14.4 New Payment and Settlements Act:

14.4.1 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 of Payment & Settlement Systems Act, 2007 has been approved by Hon'ble Finance Minister.

14.5 Policy and Regulation of Crypto Assets in India:

14.5.1 An Inter-Ministerial Committee under the Chairmanship of Secretary, Department of Economic Affairs with representatives from concerned Departments has been constituted for considering all aspects related to Virtual Currencies and Crypto Assets. Various options for treating Virtual Currencies and Crypto Assets including banning/regulating are being examined by the Committee.

14.6 Digital Currency, including use of Block-chain:

14.6.1 The possibilities of utilising block-chain technology are being explored, and a Committee has been constituted under the Chairmanship of JS(C&C).

14.7 Collection of Stamp duty and how to improve the existing systems:

14.7.1 The Government has constituted a Group to examine the present system of physical stamp and e-Stamping, and the Group has been tasked (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; and (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.

15. UN and Other Multilateral Institutions

15.1 UNDP

15.1.1 "India's annual contribution to the UNDP has been to the extent of US \$ 4.5 million, which is one of the largest from developing countries. Replacing CPAP 2013-17, Country Programme Document (CPD) for the next five years (2018-22) is in force w.e.f 01.01.2018. CPD is guided by UNDP Strategic Plan (2015-17) & UN Sustainable Development Framework (UNSDF) Outcome for India 2018-22. The new CPD focuses upon three outcome areas that exactly match with the United Nations Sustainable Development Framework (UNSDF) for India (2018-22). The three outcomes are: (i) Institutional and Systems strengthening for Service Delivery (ii) Inclusive Growth (iii) Energy, Environment and Resilience"

15.1.2 International Fund for Agricultural Development's (IFAD)

"India has so far pledged US\$ 211 million and contributed US\$ 171 million to International Fund for Agricultural Development's (IFAD) Resources. India has pledged to contribute an amount of US\$ 40 million to IFAD's 11th Replenishment cycle (2019-21). Consequently, the 1st installment of US \$ 14 million is to be paid in financial year 2018-19. Apart from this, India has also pledged an amount of USD 20 million as Concessional Partner Loan (CPL) which has been introduced by the IFAD for the first time. Since 1979, IFAD has assisted in 30 projects in the agriculture, rural development, tribal development, women's empowerment, natural resources' management and rural finance sector with the commitment of US\$ 1100 million (approx.). Out of these, 23 projects have already been closed. Presently, 7 projects with a total assistance of US\$ 447 million are under implementation. One new project have been selected under the current Performance Based Allocation System cycle 2019-21."



Chapter - II

Department of Expenditure

1. Establishment

1.1 It is the nodal Branch in the Ministry of Finance to deal with policy matters relating to grant of Dearness Allowance, House Rent Allowance, Transport Allowance and various Special Compensatory Allowances to Central Government employees. In this connection, this Branch is required to give advice/clarification to different Ministries/Departments as also to convey concurrence from financial angle for grant of these Allowances. This Branch also functions as the nodal Branch in the Ministry of Finance for dealing with cases requiring approval of the Cabinet Committee on Accommodation (CCA), as Finance Minister is a Member of CCA.

1.2 Important activities

- (i) Cabinet in its meeting held on 07/03/2018 approved revision of rates of Dearness Allowance w.e.f. 01.01.2018 to Central Government employees as per 7th CPC.
- (ii) Cabinet in its meeting held on 28/08/2018 approved revision of rates of Dearness Allowance w.e.f. 01.07.2018 to employees of Central Government as per 7th CPC.
- (iii) Meeting of Cabinet Committee on Accommodation (CCA) was held on 17/05/2018 in which 74 items were considered and another meeting of the CCA was held on 11/10/2018 in which 42 items were considered. Comments of Department of Expenditure on the Note for CCA on these items were furnished to the concerned Ministries/Departments.
- (iv) Meeting of Cabinet Committee on Security (CCS) was held on 06/12/2018 to consider, inter-alia, continuation of Special incentives/benefits for Central Government civilian employees posted in Kashmir Valley. Comments of Department of Expenditure on the Note for CCS were furnished to Ministry of Home Affairs.

1.3 Department of Expenditure also deals with the followings:

- (i) Administration of Delegation of Financial Powers Rules, 1978 and General Financial Rules, 2017.
- (ii) Draft Cabinet Notes (DCNs) involving policy matters relating to transfer of Government land.
- (iii) Proposals requiring approval of Committee on Establishment Expenditure (CEE) meetings.
- (iv) Proposals from Ministry of Defence for sanction of projects/acquisitions requiring FM's/CCS approval
- (v) Draft Cabinet Note proposals of D/o Space, D/o Atomic Energy, NTRO etc.
- (vi) Re-appropriation of funds for augmentation of Establishment related items of expenditure.
- (vii) Meetings of Atomic Energy Commission, Space Commission, TCG (Technology Co-ordination Group), NTRO Empowered Council, Insat Coordination Committee (ICC) etc.

1.4 Department of Expenditure also deals with policy matters relating to grant of Travelling Allowance, Cycle(maintenance) Allowance, Conveyance Allowance, Dress Allowance etc. to Central Government employees, Honorarium/Sitting Fee to Chairman/Members(Non Official) of a Commission/Committee/Board/Panel etc, formed by various Ministries and Pay and Allowances of retired Judges appointed in a Commission/Committee/Board/Panel and Air Travel Guidelines

1.5 Important Activities (Office Memorandum) issued in this regard are given below:-

Sl.No.	Name of the allowance	O.M.No. and date
1.	Travelling Allowance Rules-Implementation of the Recommendations of the Seventh Pay commission.	No.19030/1/2017-E.IV dated 1/2/2018
2.	Time-limit for submission of claims for Travelling Allowance-regarding	No.19030/1/2017-E.IV dated 13/3/2018
3.	Admissibility of Nursing allowance during absence of more than 30 days	No.19051/3/2013-E.IV dated 19/7/2018
4.	Revision of pay of retired Judges of the Supreme Court and High Courts on their appointment in Commissions/Committees of Enquiry.	No.19047/1/2018-E.IV dated 12/9/2018
5.	Air travel on official tour where the cost of air passage is not borne by the Government of India-clarification reg.	No. 19024/1/2009-E.IV dated 31/12/2018





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1.6 The activities of Department of Expenditure also include the following:

- (i) Financial concurrence in policy matters relating to retirement benefits to the employees of Central Government and Autonomous Bodies in respect of CCs (Pension) Rules, 1972 and NPS.
- (ii) Financial concurrence in policy matters relating to GPF and CPF.
- (iii) Financial concurrence in policy matters relating to age of retirement.
- (iv) Financial concurrence in Policy matters relating to CGHS/CS (MA) Rules.
- (v) Financial concurrence in Policy matters relating to Leave Rules.
- (vi) Financial concurrence in Service condition of CPSE's employees including VRS/VSS proposals.
- (vii) Administration and Review of Central Government Employees Group Insurance Scheme.

1.7 Ministry of Finance, Department of Expenditure has been issuing guidelines for holding of Conferences/ Workshops/ Seminars, etc. (Domestic & International) from time to time with the objective that Ministries/Departments undertake such events keeping in mind the absolute necessity of it and adhering to utmost economy. The extant guidelines have been reviewed and stand revised.

1.8 It has been decided that henceforth only proposals involving expenditure above **Rs. 40 lakhs** for International as well as domestic Conferences/ Seminars/ Workshops etc. will need to be referred to the Department of Expenditure.

1.9 International conferences/ workshops /seminars/ meetings etc:

- i) All proposals involving expenditure of Rs. 40 Lakh or less for holding conferences/ workshops/ seminars/ meetings etc. involving participation of foreign delegates may be decided by the Ministry/ Department in consultation with their Financial Adviser. The approval of the Minister in Charge, political clearance from Ministry of External Affairs and clearance of Ministry of Home Affairs from security angle (wherever required) shall be obtained.
- ii) All Proposals involving expenditure above Rs. 40 (Forty) lakh for incurring expenditure on holding conferences/ workshops/ seminars/ meetings etc. with international participation should be referred to the Department of Expenditure (DoE) with the approval of the Minister in Charge, political clearance from Ministry of External Affairs and clearance of Ministry of Home Affairs from security angle (wherever required) for obtaining approval of the Cabinet Secretary through Secretary (Expenditure).
- iii) Commitment for bearing travel/ accommodation cost on participants from foreign countries should be kept to the barest minimum. Ministries/ Departments shall exercise utmost economy and austerity in this regard.
- iv) "In-principle" approval of the Minister-in-charge should be taken sufficiently in advance before the event.
- v) Priority will be given to those conferences that arise out of international agreements/ obligations. Other conferences etc. should be planned only if there is residual provision in the Budget.
- vi) All preparations for holding the conference and other formalities should be completed sufficiently in advance to avoid any last minute hitch and embarrassment.
- vii) All administrative arrangements including issuance of invitations should be done after receiving Cabinet Secretary's approval or as per the powers delegated under this OM.

1.10 Domestic conferences/ workshops /seminars/ meetings etc:

Proposals involving Rs. 40 (Forty) lakh or less may be decided by the Ministry/ Department in consultation with their Financial Adviser. Proposals involving expenditure above Rs. 40 (Forty) lakh for incurring expenditure on holding conferences/ workshops/ seminars/meetings etc. with participation limited to Indian delegates only may be referred to Department of Expenditure for approval of Secretary (Expenditure). Approval of Secretary of the Ministry/ Department may be obtained prior to the file being referred to Department of Expenditure.

1.11 Autonomous Bodies:

- i) Conferences held by Autonomous Bodies generally generate revenue from sponsorships and registrations and most of the time either they do not require government support or require in small portions. Administrative Ministries are competent to grant approval for holding the conferences (whether domestic or international) where no funds are required from Government.
- ii) However, if Government funds are required and the financial assistance required is more than Rs. 40 Lakhs for International as well as Domestic conferences/ workshops /seminars/ meetings etc. such cases shall be referred to Department of Expenditure.





1.12 General Instructions:

1.13 While referring the cases of Conferences etc., whether domestic or international, to Department of Expenditure, following may be strictly adhered to:

- (i) Holding of Exhibitions/ fairs/ seminars/ conferences/ workshops etc. abroad should be discouraged except for promotion of trade and business and for projection of 'Brand India'. For this purpose, depending on the nature of event, if more than one Ministry/ Department is involved, a Nodal Ministry/ Department should be identified to take the lead for coordinating and organizing the event.
- (ii) All proposals referred to Department of Expenditure on the subject should be sent at least one month in advance of commencement of the event and only through the Financial Adviser concerned. While referring the proposals to the Department of Expenditure, it may be ensured that necessary clearances viz. from Ministry of External Affairs, Ministry of Home Affairs etc. and approval of competent authority in the Ministry/ Department have been obtained and placed in the file. In the absence of these, the proposals will be returned without processing in the Department of Expenditure.
- (iii) Sufficient provision in the relevant Budget should be ensured before such proposals are processed in the Ministry/ Department and before referring proposals to Department of Expenditure. The proposal should clearly indicate the budget provision.
- (iv) Stipulated timeline for submission of proposals may be adhered to strictly. It may be noted that henceforth, delayed proposals will not be processed unless accompanied by a Delay Report containing reasons for delay, duly approved by the Administrative Secretary.
- (v) Holding of conferences/ workshops /seminars/ meetings etc. in Five Star Hotels is banned except in case of bilateral/ multilateral official engagements held at the level of Minister-in-Charge or Administrative Secretary with foreign Government or international bodies of which India is a Member. Any deviation in this regard should be referred to the Department of Expenditure with adequate justification.
- (vi) Ministries/Departments shall not resort to seeking ex post- facto approval on the proposals since they are liable to be rejected. Hence, adequate advance planning and obtention of all requisite approvals/ clearances is emphasized.

1.14 Notwithstanding the enhancement in the prescribed expenditure ceiling, all Ministries/ Departments shall ensure utmost economy in public expenditure.

1.15 This is in supersession of Department of Expenditure's earlier instructions on the subject cited above issued vide following O.Ms No.:

- i) 19(9)/E.Coord/2011 dated 5th March, 2015
- ii) 19(9)/E.Coord./2012 dated 12th July, 2012
- iii) 19(9)/E.Coord./2012 dated 13th September, 2011
- iv) 7(1)/E.Coord/2010 dated 13th September, 2010
- v) 7(1)/E.Coord/2010 dated 31st May, 2010
- vi) 7(5)/E.Coord/2002 dated 28th May, 2003

1.16 These instructions will come into operation with immediate effect.

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

1.18 The Staff Inspection Unit (SIU) is functional since 1964 with the objective to review the staffing of Government establishments/organizations through a programme of inspections with a view of rationalization of posts and also evolves performance standards and work norms. SIU also looks into work simplification in improving organizational effectiveness without sacrificing efficiency. The scientific and technical organizations are studied by SIU as a Core Member in the committee constituted by the head of the respective organization.

1.19 The Financial Advisors are main links between the SIU and the Ministries/Departments/Offices/Organizations. All requests for staffing studies by SIU are routed through the concerned FAs. The studies reports are issued after discussion with the management of the organization studied and are treated as mandatory to be implemented by the concerned organization.

1.20 During the year, SIU has issued following (07) Study Reports:-

- 1 SIU Study of Staffing Pattern of Multi Product/Multi Service and Sector Specific, Special Economic Zones (SEZs) set up under SEZ Act, 2005, Deptt of Commerce.





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- 2 Work Measurement Study of Editorial & Translation Services Branch of Rajya Sabha Secretariat.
- 3 Work Measurement Study of Ministry of Information and Broadcasting (Main Secretariat).
- 4 Work Study of Southern Region Farm Machinery Training and Texting Institute (SRFMT & TI), Anantpur, Andhra Pradesh,
- 5 Staffing Study of the Land & Development office, M/o Housing & Urban Affairs.
- 6 Work Measurement Study of Regional Offices of Director of Estates, Ministry of Housing and Urban affairs.
- 7 Work measurement study of the National Institute of Tuberculosis and Respiratory Diseases, Ministry of Health and Family Welfare.

1.21 E.G. Branch deals with Establishment/Disciplinary matters of O/o the C&AG of India/Indian Audit & Accounts Department for the issue of Presidential Orders, Enhancement/Review of ceilings of Governors' Allowances and Privileges, Training Allowance. Due to its nature of works assigned(administrative/policy), no specific targets are fixed.

2. Plan Finance I&II Division

2.1 Public Finance (Central) Division is entrusted with the appraisal and approval of all public funded schemes and projects of the Central Ministries/ PSUs. For all projects of the Central Ministries/PSUs with more than a budgetary outlay of Rs.500 crores, this division acts as the Secretariat for the Public Investment Board (PIB) headed by the Secretary (Expenditure) for appraisal of such projects. For Revised Cost Estimate (RCE) of a project, for increase in cost beyond 20% of the firmed up cost estimate due to time overrun, change in scope, under-estimation etc., PIB headed by Secretary (Expenditure) appraises the same if the RCE is more than Rs. 500 crore. In case of projects, for pre-investment activities, the PIB appraises the project if the amount on such activities is more than Rs. 500 crore. Apart from this the division, inter-alia, is responsible for:-

- holding of the Expenditure Finance Committee (EFC) chaired by the Secretary (Expenditure) in case of all schemes of the Central Government where the budgetary allocation is in excess of Rs.500 crores.
- constantly improving the quality of public expenditure through better scheme/project formulation, emphasis on outputs, deliverables, impact assessment and convergence approach.
- rationalizing the Centrally Sponsored Schemes (CSSs) and Central Sector Schemes (CSs) for optimal and focused use of public resources.
- preparing 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 outcomes in the relevant medium term framework and physical and financial outputs are targeted on a year to year basis.
- communicating in consultation with the Budget Division, the outlays for both Central Sector and Centrally Sponsored Schemes over a Finance Commission Cycle.
- dealing with the financial restructuring of Central PSUs on the recommendations of the Bureau for Restructuring of Public Sector Enterprises (BRPSE).
- working out modalities for financial assistance to CPSEs, quantification of their Internal and Extra Budgetary Resource (IEBR) generation as well as planned CAPEX for preparation of budget, finalizing modernization of plants and machinery to ensure more efficient production.
- dealing with various issues relating to Food, Fertilizers and Petroleum subsidy, including their quantification and extension of assistance to the stake holders.
- engaging in active consultation with the stake holder ministries in shaping the subsidy policy of the Government by way of a dynamic rationalization process to ensure better targeting of beneficiaries, better efficiency, cost effectiveness and better delivery of services.
- dealing 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.
- dealing with the issues of Public Procurement Policy including the rules and regulations thereof as well as its administration.





2.2 Maintaining 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 2019

2.3 Plan Finance-States

2.4 There are 2 main divisions/branches namely Public Finance-State (PF-S) Division and Finance Commission Division (FCD) working under administrative control of Additional Secretary(PF-S). Role of each of the divisions are as under:

2.5 Public Finance (State) Division:

- Handling matters relating to release of special assistance to the States for the projects/schemes for which budgetary allocation is provided under the Detailed Demand of Grants (Presently No.40) operated by Department of Expenditure.
- Deals with debt and liabilities management of States, enforcement of the fiscal roadmap mandated by Finance Commissions through the powers to approve borrowings by States under Article 293 (3) of the Constitution of India.
- Coordination with RBI to monitor States' debt, collating and maintaining State finance data, analysis of trends of State finances, Scrutiny of State legislations having bearing on the State's finances.
- Continuous monitoring of the resources and Ways & Means position of the States including their overdrafts, Analysis of State Budgets.

2.6 Finance Commission Division (FCD):

- The division deals with releases of Finance Commission (FC) grants as per recommendations of respective Finance Commission. The 14th Finance Commission (FFC) has recommended mainly three types of grants-in aid to States for its award period 2015-16 to 2019-20 i.e. Post-devolution Revenue Deficit Grant, Local Bodies Grants and State Disaster Response Fund (SDRF).
- FCD also deals with various aspects of National Disaster Response Fund (NDRF) i.e. IMCT visit to states, brief for SC-NEC and HLC and release of central assistance under NDRF based on recommendations of MHA.

2.7 Brief of Activities in the preceding Financial Year:

2.8 Fiscal Responsibility and Budget Management Act (FRBMA) based fiscal consolidation path laid down by 13th and 14th Finance Commissions involving expenditure rationalization measures and increased flows of tax devolution to the States have led to all around improvement of fiscal performance.

2.9 FFC has worked out a revised fiscal roadmap for the States to have zero revenue deficit and the fiscal deficit within 3% of Gross State Domestic Product (GSDP). Additional borrowing options to the States upto 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. Annual borrowing ceiling for the States including additional borrowings recommended by FFC has been raised from Rs. 4.42 lakh crore in 2016-17 to Rs. 4.99 lakh crore in 2017-18 (RE) and further increased to Rs. 5.58 lakh crore in 2018-19 (BE).

2.10 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 got larger fund transfers as well as greater autonomy to utilise funds as per their needs. Total transfers including devolution of central tax share to States have been raised from Rs. 9.8 lakh crore in 2016-17 to Rs.11.1 lakh crore in 2017-18 (RE) and further to Rs. 12.6 lakh crore in 2018-19 (BE).

2.11 Release of special assistance to the States for the projects/schemes from the Budget line for which budgetary allocation is provided under the Detailed Demand of Grants (Presently Demand No.40) is operated by Department of Expenditure.

2.12 As against budgetary provision of Rs. 11,000 crore for the year 2017-18 (BE) for special assistance to the States under new budget line introduced in 2015-16, Rs. 4,000 crore was transferred to Ministry of Drinking water and Sanitation. Out of the revised estimate of Rs.7,000 crore, Rs.6,950.50 crore were released in FY 2017-18.





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2.13 The Budgetary allocation for the year 2018-19(2nd Supplementary) is Rs.13, 234.11 crore. As on date Rs.2,646.81 has already been released to the States. This includes Rs.1200 crore to State of Uttar Pradesh for organising Ardh Kumbh Mela, Rs.750 crore to the State of Tripura for construction of Capital Assets and Rs. 450 crore to the State of Telangana for development of 9 backward districts of Telangana in terms of AP Re-organisation Act, 2014.

2.14 As per the recommendations of 14th Finance Commission (FFC) duly accepted by the Government, grants-in-aid of Rs.92,244.47 crore in 2017-18 was released to the States against allocation of Rs. 1,01,490.17 crore. Of which the States has so far been provided grants-in-aid for Post Devolution Revenue Deficit (Rs.35,819 crore), SDRF (Rs. 9,382.80 crore) and Local Bodies (Rs. 47,042.67 crore). Also Rs. 500 crore was released to areas not covered under Part IX and IX-A of the Constitution (erstwhile Grant for Autonomous Councils, areas covered under the Sixth Schedule of the Constitution). In FY 2018-19, Rs. 61,916.09 crore have so far been released. This includes Post Devolution Revenue Deficit (Rs.25,936.56 crore), SDRF (Rs. 7,625.07 crore) and Local Bodies (Rs. 28,354.46 crore).

2.15 Out of the NDRF, a cess based fund for Disaster Relief, set up at the Union level under sections 46(2) of the Disaster Management Act, 2005, financial assistance of Rs.4,722.53 crore was provided to the States for severe nature of calamities in the year 2017-18. The States included are Arunachal Pradesh (Rs.32.44 crore), Bihar (Rs.1363.47 crore), Chhattisgarh (Rs.49.31 crore), Himachal Pradesh (Rs.63.23 crore), Karnataka (Rs.913.04 crore), Kerala (Rs.164.72 crore), Madhya Pradesh (Rs.502.09 crore), Manipur (Rs.110.82 crore), Mizoram (Rs. 31.57 crore), Nagaland (Rs.25.01 crore), Rajasthan (Rs.607.77 crore), Tamil Nadu (Rs.351.81 crore), Telangana (Rs.58.40 crore), Uttar Pradesh (Rs.119.67 crore) West Bengal (Rs. 324.78 crore). A balance of Rs.3075.37 crore remained unutilized. In FY 2018-19 Rs. 6,921.49 crore have been released till date towards NDRF.

2.16 Based on the recommendations of Office of Controller of Aid, Account and Audit, an amount of Rs. 20,499.55 crore (including loan of Rs.17,499.95 crore) was released to the State Governments during 2017-18. Releases of Rs. 22,190.65 crore (including grants of Rs. 2,421.63 crore and loan of Rs. 19,769.02 crore) have so far been made to the States against estimates at 2nd supplementary Stage of Rs. 24,320.84 crore (Rs.4,500 crore as grants and Rs.19,820.84 crore as loan) in FY 2018-19.

3 Integrated Finance Unit

3.1 The Integrated Finance Unit works under Joint Secretary & Financial Adviser (Finance) and deals with the expenditure and Budget related proposals under Grant No. 30-Department of Expenditure which includes (i) Secretariat General Services covering the establishment budget for the Department of Expenditure, Controller General of Accounts, Central Pension Accounting Office, Finance Commission Division, Staff Inspection Unit, Cost Accounts Branch and Chief Controller of Accounts; and (ii) Other Administrative Service covering the budget for Institute of Government Accounts and Finance, National Institute for Financial Management; Contribution to International Body (AGAOA), the budget relating to payment of service charges to the Central record keeping Agency for the New Pension Scheme and (iii) Other General Economic Services covering the budget for Public Financial Management System (PFMS) under Central Sector Scheme.

3.2 The Unit also monitors expenditure under Grant No.39-Pension; and Grant No.36 - Indian Audit & Accounts Department.

4 Chief Adviser Cost(CAC)

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

4.2 The 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/ Department of Government of India.

4.3 Till date, a total number of 8680 studies/ reports have been completed by the office of Chief Adviser Cost, out of which 39 reports pertain to the current financial year 2018-19 (up to 31st December 2018). List of subjects on which reports issued/comments furnished during the year 2018-19 is as below:

- Vetting of claims by NAFED and State Govts. under Price Support Scheme and Market Intervention Scheme for various crops/commodities.





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- Fixation of Common Hourly rate and Overhead percentages for Government of India Printing Presses.
- Pricing formula for the supply of columbite-tantalite for Department of Atomic Energy.
- Report on Valuation of compensation for Mine Infrastructure of Coal Block.
- Fee and User Charges in respect of various services provided by different Ministries/Departments/Autonomous Bodies.
- Determination of compensation payable for supplying Uranium Concentrate to Uranium Corporation of India Ltd.
- Fixation of terminaling charges to be paid by Oil Marketing Companies to Indian Oil Petronas Pvt. Ltd. for LPG import facility at Haldia and Ennore for the FY 2010-11 to 2015-16.
- Examination of time and cost overrun in respect Uri II HEP, SEWA -II HEP implemented by M/s NHPC Ltd. and Rampur II HEP implemented SJVN Ltd.
- Examination of revision/escalation in the cost of Barmer-Salaya-Bhogat pipeline-Block RJ-ON-90/1.
- Fixation of Fair price of RAILS supplied by SAIL-BSP to Indian Railways for FY 2015-16 & 2016-17.
- Fixation of Fair price of weekly oral contraceptive pills (Saheli) and Condoms manufactured by M/s HLL Lifecare Ltd.
- Fixation of Fair price for Bank Notes supplied by Bank Note Press, Dewas to Reserve Bank of India during the year 2015-16.
- Revision of storage charges payable by Food Corporation of India to Central Warehousing Corporation for the FY 2016-17.
- Vetting of Balance Sheet and Income and Expenditure Account of TSU, Tekanpur Unit, Gwalior, for the Financial Year 2017-18.
- Comments Offered on HAM & EPC mode of implementing road projects for developing the strategy for proper mix of HAM and EPC modes for implementation of projects under Bharatmala; Ministry of Finance.
- Comments Offered on cost estimates of proposal of raising of speed on existing New Delhi - Howrah route and New Delhi - Mumbai route of Ministry of Railways.
- Comments Offered on treatment of Director's Remuneration (Commission paid as percentage of profit under section 197 of Companies Act, 2013) with regard to determination of Non-Injurious Price (NIP) for the purpose of Anti-Dumping Duties.
- Comments Offered on reimbursement of claims of PEC Limited, a PSU of M/o Commerce and Industry, on account of losses in import and disposal of edible oil during 2008-09 and 2009-10.
- Comments Offered on study for determination of Price for the Thebaine Rich Poppy Seeds developed by CSIR-NBRI (National Botanical Research Institute); Ministry of Finance.

4.4 In pursuance of the Office Memorandum No. 24(35)PF-II/2012 dated 05th August, 2016 of Ministry of Finance, Office of Chief Adviser Cost represented in the Committees for Revision of Cost Estimates in various Ministries/Departments.

4.5 The 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. Major achievements in the Cadre administration during the year 2018-19 (till 31st December 2018) are enclosed as Annexure.

4.6 Major achievements during 2018

- a. On the request of this Office, recruitment of 10 Assistant Directors (Cost) in JTS grade has been undertaken by UPSC. It is expected that in 2019, 10 Assistant Directors will join the Service.
- b. Timely promotions were given to the service officers. One officer was promoted in the HAG+ grade of ACAC, One Officer promoted to HAG grade of Pr. Adviser (Cost), 7 officers were promoted to SAG





- grade of Adviser (Cost), 3 Officers were promoted to JAG grade of Joint Director (Cost) and 7 Officers were promoted to STS grade of Dy. Director (Cost) in the year 2018.
- c. NFU to 8 officers of ICoAS in Level 14 of the Pay Matrix was granted in April 2018.
 - d. 4th International Yoga Day celebrations/workshop held in the O/o Chief Adviser Cost on 21.06.2018.
 - e. Cadre Review proposal in respect of 4th Cadre Review of ICoAS has been submitted to DoE.
 - f. Service Day of ICoAS commemorated on 9th August, 2018. The function held at CSOI, Chankaya Puri, was inaugurated by then Secretary (Expenditure). The event was blessed by other senior officers of the Government.
 - g. As per the extant training policy of DoP&T, this office organized Mid-Career Training Programme of 3 weeks duration from 21st May to 9th June 2018 for nominated Middle and Senior level, Indian Cost Accounts Service officers.
 - h. Knowledge sharing programmes/lectures organized during 2018 on the topic of Working of Central Vigilance Commission, E-Office (File management System), Online Fee collection process in KVs, Representing CAC in Cost Estimates Meetings for the benefit of ICoAS officers.

5. Office of Controller General of Accounts

5.1 The Controller General of Accounts (CGA) is the Apex accounting authority of the Government of India. CGA office has spearheaded various accounting and payment software packages in order to establish technically robust Management Accounting System. As a result there have been significant improvements in financial reporting and analysis of public finances over the years.

5.2 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 on the advice of Comptroller and Auditor General of India. Along with these documents, an M.I.S Report titled 'Accounts at a Glance' is prepared and circulated to Hon'ble Members of Parliament.

5.3 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.
- 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.

5.4 Financial Reporting - Monthly and Annual

5.5 A detailed analysis of the monthly trends of receipts, payments, revenue and fiscal deficit and its sources of financing are presented to the Union Finance Minister. This analysis has over a period of time evolved into an extremely useful tool for monitoring budgetary compliance and for decision making. In accordance with the Government's policy towards imparting greater transparency, an abstract of the Union Government accounts is released every month and placed on the CGA's website(<http://www.cga.nic.in>).

5.6 As a best practice, the O/o CGA also submit the Provisional Accounts of the Government of India within two months of completion of each financial year. The professionalism with which these accounts are prepared is evident from the high accuracy attained in the last few years, as only marginal variations have been observed between the Provisional Accounts and the final audited Annual accounts.



**6. Public Financial Management System (PFMS)**

6.1 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 (GoI) by establishing a comprehensive payment, receipt and accounting network. It has been 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 receipts for Ministries/ Departments in Government of India. Presently, DBT payments in around 300 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.

6.2 A report upto the December, 2018 is as below:

1	Total no. of Schemes on boarded on PFMS	1178
2	Total no. of Agencies Registered on PFMS	28,03,583
3	03 Major DBT Schemes	
	MGNREGA	
	No. of Transactions	31,33,63,209
	Amount Paid	49,536.87 Cr.
	NHM	
	No. of Transactions	1,38,47,156
	Amount Paid	2,030.52 Cr.
	Food Subsidy	
	No. of Transactions	18,32,664
	Amount Paid	98.85 Cr.
4	DBT (in which payment made)	
	No. of Schemes	359
	Total no. of Transactions	44,80,95,538
	Amount Paid	1,23,644.86 Cr.
Treasury Integration : Treasury systems of 29 States and 2 UTs with legislature have been interfaced. However, mapping of state schemes as per restructured CSS has to be completed. (UTs without legislature are not being integrated)		

6.3 Non-Tax Receipt Portal (NTRP)

6.4 The Non-Tax Receipt Portal is an initiative of Office of the Controller General of Accounts, Ministry of Finance. It provide a one stop window to citizens, corporates and other users for making online payments of Non-Tax Revenue payable to Govt. of India. A depositor can therefore make online payment to the Government using either a Credit Card, Debit Card or through Net Banking of any of the banks integrated with the PGA. NTRP also provides option of NEFT/RTGS. During 2018-19 (upto 31.12.2018) Rs. 87453.38 Crores from 5,16,892 transactions have been collected through the online channel provided by NTRP.

6.5 Employee Information System (EIS)

6.6 Employee information system (EIS) is a web based online Payroll system. It enables all Central Government DDOs for the preparation of establishment related payments such as Monthly Salary, Bonus, RTF, Honorarium, Arrears of DA, Increments and Subsistence Allowance etc. This application has been integrated with PFMS platform for disbursing the payments through e-payment mode.

6.7 In EIS all the details like Personal Details, Posting details, Pay details, GPF / NPS details, Govt. Quarter details, Loan details, Bank Account Details of an employee are captured on joining for the preparation of monthly salary and it is capable to deal with all subsequent events like promotion, transfer, deputation and Pension etc. EIS can generate the salary bill in the prescribed format defined under GAR and also schedules like GPF, Income Tax, CGEGIS, CGHS, L.Fee schedules. Bank statements can also be generated for greater accuracy.

6.8 At present more than 5700 DDOs of Central Civil Ministries / Departments have on boarded EIS. Some of the major DDOs using this application are President's Secretariat, Rajya Sabha Secretariat, PMO, CBI, etc. Few





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DDOs viz. DDOs of Department of Space, Atomic Energy, IB, RAW etc. are exempted keeping in view of security reasons. DDOs of Central Armed Police Force have also not boarded EIS due to constraints of hardware and specific requirements and customization of application. Efforts are being made to bring all the DDOs under EIS within a short time. Modifications and enhancements of functionalities in EIS are steadily progressing according to the specific requirements sought by DDOs.

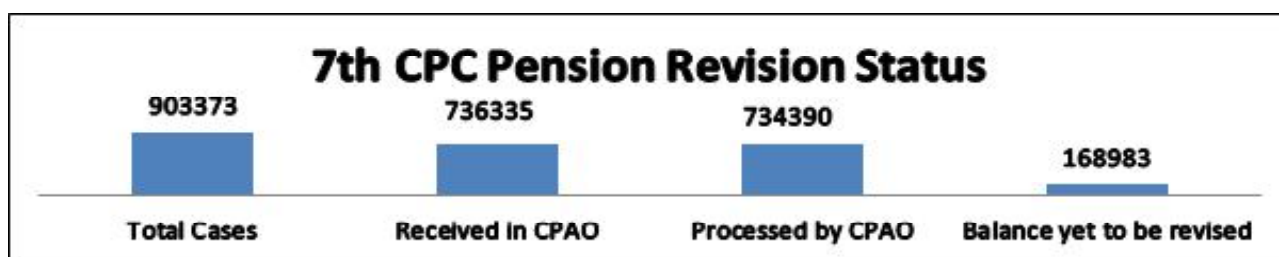
7. Central Pension Accounting Office (CPAO)

7.1 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. Activities/achievements during the calendar year 2018 are as under.

7.2 Web Responsive Pensioners' Service (WRPS):

7.3 Central Pension Accounting Office (CPAO), Ministry of Finance took important step towards empowerment of Central Civil Pensioners. This IT initiative provides various services including Pension & Payment Information, online Pension Process Tracking & online Grievance Redressal and Tracking for the pensioners.

7.4 7th CPC Revision of Pension: As per 7th CPC, total 7,36,335 pension revision cases have been received from various PAOs). Out of these cases; 7,34,390 cases have been revised by CPAO and sent to banks



7.5 Internal Audit of the banks

7.6 Audit of 14 banks (State Bank of India-CPPC, Chennai, Canara Bank, Bank, of Baroda, HDFC Bank, Allahabad Bank, SBI, Patna, Punjab National Bank, Andhra Bank, Union Bank of India, IDBI Bank, SBI, Guwahati, Vijaya Bank, Dena Bank and SBI, Lukhnow) have been completed by Internal Audit team of CPAO from April to December, 2018. Total new 356 paras have been raised from April to December, 2018 and about 594 paras have been settled by Internal Audit Team, CPAO. As on date, about 1,270 paras are outstanding on the part of CPPCs/Banks.

7.7 Brief Activities of CPAO for the year 2018-19

7.8 The primary function of CPAO is to issue SSAs to the CPPCs of Banks in fresh and revision of pension cases.

- (i) In the Year 2018-19, from 1st April, 2018 to 9th January, 2019; 34,631 fresh cases has been issued.
- (ii) Progress of Revision of Pension Cases as per 7th CPC:-
As per 7th CPC recommendations & DP&PW OM No. 38/37/2016-P&PW(A) dated 12th May, 2017 regarding pre-2016 pension revision. As on 9th January, 2019; 7,35,458 cases have been received from Pay and Accounts Offices in Central Pension Accounting Office (CPAO) and about 7,33,885 pension cases have been revised by CPAO and sent to banks for payment.

7.9 7th CPC Pension Revision Status

Received in CPAO	Processed by CPAO
7,35,458	7,33,885





7.10 Internal Audit of the banks:-

Audit of 14 banks (State Bank of India-CPPC, Chennai, Canara Bank, Bank, of Baroda, HDFC Bank, Allahabad Bank, SBI, Patna, Punjab National Bank, Andhra Bank, Union Bank of India, IDBI Bank, SBI, Guwahati, Vijaya Bank, Dena Bank and SBI, Lukhnow) have been completed by Internal Audit team of CPAO from April to December, 2018. Total new 356 paras have been raised from April to December, 2018 and about 594 paras have been settled by Internal Audit Team, CPAO. As on date, about 1,270 paras are outstanding on the part of CPPCs/Banks.

7.11 Web Responsive Pensioners' Service/Grievance Redressal Mechanism:-

Up to 9th Jan, 2019; 9,608 grievances by banks and 1,910 grievances by Ministries/ Departments have been disposed off through WRPS. 1,130 grievances are pending with banks & 1,072 grievances are pending with Ministries/Departments.

Total Grievances		Grievances Settled		Pending Grievances	
Banks	Ministry	Banks	Ministry	Banks	Ministry
10824	3044	9608	1910	1130	1,072

8. Expenditure Management Commission(EMC)

8.1 Expenditure Management Commission (EMC) was constituted on 04.09.2014 with a mandate to recommend ways to increase efficiency of public expenditure, to review major areas of Central Government expenditure and to suggest ways of creating fiscal space required to meet development expenditure needs, without compromising fiscal discipline. The Commission submitted its Interim Report in January 2015, Part-I of the Final Report in September 2015, Part-II of the Final Report in December 2015 and Part-III of the Final Report in March 2016.

8.2 The areas covered by the Commission are fiscal management, defence expenditure, social sector schemes of school education and health, streamlining administrative processes, public procurement, user charges, rationalizing cesses, interest expenditure, administrative expenditure, public sector enterprises, autonomous bodies, subsidies for LPG, Kerosene, food and fertilizer and better targeting through DBT. EMC has sought to identify areas where processes can be streamlined for efficiency improvements and where digital technology capabilities can be leveraged to re-engineer the delivery systems.

8.3 The recommendations of EMC were taken up with 20 Ministries/Departments for implementation. As recommended by the Commission, non-tax revenue portal has been set up for on line deposit on non-tax receipts payable to the Government of India. Government e-Market (GeM) Portal has been set up as an end-to-end procurement system for purchase of common use goods and services by the Government buyers. PFMS system for purchase has been configured to capture pre-authorization process and revised General Financial Rules (GFRs) 2017 has been issued. The concerned Ministries/ Departments have taken action to digitize Public Distribution System (PDS) beneficiaries, neem coating of urea to check its diversion, finalization of medium term debt management strategy, just in time release of funds through PFMS to States, rationalization of Centrally Sponsored schemes and Central Sector Scheme, rationalization of cess receipts removal of distinction between plan and non-plan expenditure classification, upgradation of school database to track enrollment and attendance of children, automated monitoring system for near real time monitoring of Mid-Day Meal (MDM) scheme, notification of free drug policy, roadmap for improved coordination between Directorates of Health Services (DHS) and National Health Mission (NHM), exclusion of well-off consumers from LPG subsidy and review of Autonomous Bodies under Central Government.

8.4 As recommended by the Commission, a data base of Autonomous Bodies has been set up in the website of Department of Expenditure and all Ministries/Departments have uploaded data relating to Autonomous Bodies under their administrative control. Statement on assistance given to autonomous bodies has been provided in Expenditure Profile from FY 2017-18 onwards. Guidelines relating to setting up a new autonomous organization, review of user charges of Autonomous Bodies, internal audit mechanism in Autonomous Bodies and Memorandum of Understanding (MoU) between Autonomous Bodies and their administrative Ministries/ Departments have been issued.

8.5 NITI Aayog has set up a Committee for undertaking comprehensive review of all Autonomous Bodies under the Central Government. The Committee has taken up review of Autonomous Bodies incorporated under Societies Registration Act (SRA), 1860 in consultation with the concerned Ministries/Departments and Ministries/Departments are taking necessary action for rationalization of Autonomous Bodies as per the recommendations of the NITI Aayog Review Committee.





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9. National Institute of Financial Management

9.1 The National Institute of Financial Management (NIFM) was set up in 1993 on the basis of a proposal made by Ministry of Finance, which was approved by the Union Cabinet. The Union Cabinet envisaged that NIFM would begin as a training institution for officers recruited by the Union Public Service Commission (UPSC) through the Annual Civil Service Examinations and allocated to the various services responsible for managing senior and top management posts dealing with accounts and finance in the Government of India. NIFM was to develop as a Centre of Excellence in the areas of Financial Management and related disciplines.

9.2 The finance Minister, Government of India is the President of Society and Secretary (Expenditure) is Chairman of Governing Body. The Director appointed by the Appointments Committee of the Union Cabinet is responsible for the administration and academic programmes of the Institute.

9.3 Currently, the Institute runs five long-term programmes -Professional Training Course for newly recruited probationers of Accounting services; a two-year Post Graduate Diploma in Management (Financial Management) programme for officers of the Central Government, the State Governments, Public Sector Undertakings and other organizations under Government; a one year Diploma in Government Accounting and International Audit for officers of the organized Accounts Services; Fellow Programme in Management; and a one-year Post Graduate Diploma in Management (Financial Markets).

9.4 NIFM conducts a large number of short duration courses- Management Development Programme (MDPs), in the areas of Public Procurement, Public Expenditure Management, Budgeting, Public financial Administration, Financial Management, Accounting, Internal Audit, Procurement, Business Analytics, Information Technology, HR etc. The MDPs are one of the major training activities undertaken by NIFM which adds to the knowledge of NIFM faculty while supporting capacity building of government servants who participate in these programs, and at the same time generating revenue for NIFM to ensure its financial sustainability. The financial year 2017-18 saw new height being reached in number of MDPs conducted and participants trained. A total of 154 MDPs were conducted, training a total of 5076 participants. In the process, NIFM also generated revenue of Rs.15.50 Crores.

9.5 Some of the Important MDPs conducted by NIFM in 2017-18 were: MDP on "Public Procurement" for Government participants; MDP on "Goods and Services Tax (GST)"; and MDP on Government e-Marketplace (GeM) for Government participants. Each of above three programs saw over 1000 participants being trained.

9.6 The Institute executed consultancy projects for various Ministries and Departments of Government of India.

10. Official Language

10.1 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 fortnight/day. 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.

10.2 Officers/staff of the Department are nominated for Hindi Language, Hindi Stenography/typing training. Hindi Section is facilitating Administration Division for these training programs. During the year 2018, 02 officials were nominated for Hindi Stenography training.

10.3 To increase original correspondence with other Offices/individuals in Hindi, circulars were issued to sections/ divisions/ offices from time to time. As per quarterly progress report for the quarter ended on September 30, 2018, original correspondence in Hindi with Region "A", "B" and "C" is 66.6%, 58.6% and 31.9% respectively.

10.4 Regular Quarterly meetings of the Departmental Official Language Implementation Committee were held. These were held on June 20, 2018 and October 30, 2018. Discussions were held on quarterly progress reports received from various sections/ divisions/offices of the Department and where shortcomings found, it was advised to rectify/improve usage of Hindi in official work.





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10.5 Quarterly Progress Reports regarding progressive use of Hindi were regularly received from sections/offices of the Department. A detailed review of Progress Report (Part-I & II) in respect of the quarter ending 31.03.2018 was done keeping in view the targets prescribed in the Annual Program.

10.6 Replies of letters received from members of Parliament and other VIPs were promptly sent and follow up action ensured. Since January to December, 2018, no application was received under RTI Act, 2005.

10.7 During the year 2018 "Hindi Week" was organized in the Department from 14-24 September, 2018. During "Hindi Week" various competitions were organized which included Hindi Essay Writing, Noting and 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 September 30, 2018. As many as 110 officers and employees took part in these competitions/campaign enthusiastically.

10.8 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.



Chapter - III

Department of Revenue

1. Revenue Headquarter:

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.

Tax policies are formulated in order to mobilize financial resources for the nation, achieve sustained growth of the economy, attain macro-economic stability and promote social welfare. The underlying theme of the tax proposal for the Budget 2018-19 was stimulating growth, relief to middle class, affordable housing, curbing black money, promoting digital economy, transparency in political funding and simplification of tax administration.

2. State Taxes

2.1 The Goods and Services Tax Settlement of Funds Rules, 2017 have been notified on 27th July, 2017, which, lay out 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 Rs. 2,76,278.91 Crores has been released/settled from April 2018 to December 2018, which included Rs. 1,30,835.53 Crores IGST amount settled to States/UTs (SGST/UTGST) and Rs. 1,45,443.38 Crores settled to Centre (CGST). Section 49(5) of CGST Act has also been amended to ensure that IGST credit is first exhausted before CGST/SGST credit is used to ensure faster settlement of IGST.

2.2 Further, GST collection for the period April 2018 to December 2018 is given as per the table below: -

Month	GST Collection (in Rs. Crore)
April	1,03,459
May	94,016
June	95,610
July	96,483
August	93,960
September	94,442
October	1,00,710
November	97,637
December	94,726
Average	96,783

2.3 It is to be noted that GST collection is more than Rupees One lakh Crore in the month of April 2018 & October 2018.

2.4 The Goods and Service Tax (Compensation to States) Bill, 2017 was passed by Lok Sabha 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 (with 14% increase every year).

2.5 GST has also provided a unique model of governance in the country, where the spirit of Cooperative federalism is at the core. The GST Council has successfully driven implementation of GST in the Country and provided the





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policy direction to the reform. While doing so, it has shown responsiveness and responsibility. While being aware that revenue is a major concern, it has responded to the need for change recognising that being a reform of such a large scale there would be various pain points. States have been assured by law that if their revenue growth falls below 14% after introduction of GST, they will be compensated for this loss in revenue. Based on this formula, Rs. 48178 crore compensation has been paid to States for the period July, 2017 to March, 2018. Similarly, for the period April, 2018 to November, 2018, an amount of Rs. 48202 crore has been paid. Prompt release of compensation has strengthened the mutual trust between States and Centre which is extremely critical for success of GST in the country.

- (i) As per provisions of GST (Compensation to States) Act, 2017, the provisional revenue loss due to implementation of GST to the states for month of July, 2017 to March, 2018 has been Rs. 48178 crore and accordingly GST compensation has been paid to the States/ UTs for recovery of this loss of revenue as per GST compensation Act, 2017 on bimonthly basis.
- (ii) Further, the admissible GST compensation for the month of April, 2018 to November, 2018 in respect of all states have been calculated which comes out to be Rs. 48202 crore, has been paid to States/ UTs during FY 2018-19.

3. Narcotics Control (NC) Division

The Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985, vide Section 3 empowers the Central Government to notify a substance as 'psychotropic substance'. Keeping in view all the facts, international scenario and suggestions received from enforcement agencies, Central Government in the last calendar year has notified ten substances as psychotropic substances namely [1] 4-Methylethcathinone (4-MEC), [2] Ethylon, [3] Pentedrone, [4] Ethylphenidate, [5] MPA (methiopropamine), [6] MDMB-CHMICA, [7] 5F-APINACA (5-F-AKB-48), [8] XLR-11, [9] Catha Edulis and [10] Tramadol, their salts and preparation. Consequently, in exercise of the powers conferred under the NDPS Act, section 2, clause (viia) and clause (xxiia) ibid, the Central Government has also notified substances U-4770, Butyrfentanyl and their salts and preparations thereof to be manufactured drug. The Central Government in exercise of the power conferred under Section 9 of the NDPS Act has also approved inclusion of two controlled substances namely: 4-anilina-N-phenethylpiperidine (ANPP) and N-phenethyl-4-piperidinone (NPP) in the Regulation of Controlled Substances Order, 2013.

Amendment has been made in Rule 10 of the Narcotic Drugs and Psychotropic Substances Rules, 1985 vide notification no. G.S.R. 1129 (E) dated 19.11.2018 to designate one or more cultivators of opium poppy as Lambardar in each village where licence has been issued for cultivation of opium poppy for the production of opium extracting juice by lancing the opium poppy.

4. Economic Security (ES) Cell

Revised Model Memorandum of Understanding (MoU) to be signed by the Financial Intelligence Unit - India (FIU-IND), with foreign Financial Intelligence Units (FIUs) for exchange of information has been approved by Cabinet.

Request for Proposal (RFP) for Project FINnet2.0 (Upgradation of existing Project FINnet which was introduced for providing a robust technological backbone and set up an efficient system to aid collection, processing and dissemination of financial data) was finalized and published for selection of Managed Service Provider (MSP) for FINnet2.0.

5. Financial Action Task Force (FATF) Cell

5.1 Background:

India is a Member of Financial Action Task Force (FATF) which is an international body having 38-member jurisdictions which sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering and terrorist financing offences in countries across the world. Consequent to the decision taken by the Cabinet Secretariat, Government of India, work relating to Financial Action Task Force (FATF) and related Inter-Ministerial Coordination work has been transferred from Department of Economic Affairs (DEA) to Department of Revenue (DOR) (vide GOI Gazette Notification dated 9th Nov, 2017).

Department of Revenue, receive, circulate and discuss the papers/proposals with all the concerned stakeholders within India and comments were sent to FATF in timely manner on appropriate areas, keeping national





interests in view. Based on the view taken, the Indian delegates took active part in the discussions during the Plenaries of 2018.

Department of Revenue has been actively involved in the working papers being developed by the FATF on various issues (such as Virtual Currency, Proliferation Financing among) which will act as guidance for the member countries.

5.2 Mutual Evaluation of India: The FATF conducts Mutual Evaluation of its Members and other countries from time to time. India's last Mutual Evaluation was conducted in the year 2010. India's next Mutual Evaluation is expected to be conducted in the year 2020-21 under FATF standards. An important part of preparation for FATF mutual evaluation is conduct of National Risk Assessment where risk of various sectors of the economy like Banking, Insurance, Capital Markets, Designated Non-Financial Business and Profession sector are assessed. In regards to this, for effective training, Department of Revenue had sent officers of RBI, NIA, FIU-India for participating in Mutual Evaluation workshops conducted by Asia-Pacific Group. Additionally, as part of capacity building exercise an FATF Cell is made in the Department of Revenue, in which officers had been posted at various levels who are being groomed to gain requisite expertise for contributing efficiently in the Mutual Evaluation of India (due in 2020-21).

5.3 National Risk Assessment: Anti-Money Laundering Steering Committee (AML-SC), constituted under the Chairpersonship of AS(R) with mandate of macro-level policy decision making on AML matters and supervision of National Risk Assessment (NRA), initiated the exercise for National Risk Assessment (NRA) for assessing risk of different sector in the economy using World Bank Methodology.

The teams have submitted their reports after rounds of discussions. Now, as part of preparation for India's Mutual Evaluation in 2019-20, through NRA exercise, based on all the issues of identifying gaps and taking action with respect to all sectors, National Risk Assessment Report is in process of being finalized. After submitting the National Risk Assessment report, all gaps identified in the NRA Report shall be plugged under a specific plan of action.

5.4 FSRB's (APG & EAG): Apart from FATF India is also a member of two FSRBs (FATF Styled Regional Bodies), i.e. Asia-Pacific Group (APG) and Eurasian Group (EAG). FATF Cell, Department of Revenue coordinated for active participation of India in the Plenary/Meetings/discussions of these two groups in the year 2018 at Nepal (APG Plenary), China and Belarus (EAG Plenaries).

5.5 Asia Pacific Joint Group Meeting: Asia Pacific Joint Group is a regional body which is tasked with the monitoring of International Cooperation Review Group (ICRG) listed countries by FATF. India, through FATF Cell in-coordination with other Law Enforcement Agencies (LEAs), is an immense contributor in this body and was actively involved in progress made by regional countries upon their Action Plan, such as Sri Lanka, Democratic People's Republic of Korea (DPRK) and Pakistan.

6. Headquarter (GAR)

Department of Revenue has taken 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 2018-19, various activities have been taken viz. Swachhta Pakhawada from 15.10.2018 to 31.10.2018 and Swachhta Hi Sewa campaign from 15.09.2018 to 02.10.2018 comprising of various activities including Swachhta pledge by Finance Secretary; and 77 Activity documents and 4932 images have been uploaded on the web portal of the Ministry of Drinking Water and Sanitation. 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 2018-19, 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 routine cleaning, sweeping, mopping of floors / corridors including staircases and all the rooms/halls and placing appropriate warning signs to avoid accidents during cleaning activities including cleaning of toilets and adjoining areas using disinfectors with necessary provisioning of soap, toilet paper, hand dryer, dustbins and necessary items. Collection of all obsolete equipments and removal thereof viz. newspapers/magazines, old computers & peripherals through e-waste auction and general waste through normal auction, disposal of old cars/vehicles after following due procedure





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under provisions of GFR, 2017. Renovation work to create better working ambience has been done in several rooms with a view to optimization of office space. Weeding/recording drive was also undertaken and simultaneously digitization/scanning of old records/files were carried out through a hired private company targeting optimization of office space.

To increase awareness amongst personnel of this Department, several competitions were conducted and the participants were appreciated with mementos/certificate.

7. Integrated Finance Division

7.1 Integrated Finance Division of the Department of Revenue is under the direct supervision of Joint 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 JS&FA (Fin).

7.1.1 Activities undertaken by the Integrated Finance Unit:

All offices under the Department of Revenue, which inter-alia include Revenue headquarters, Central Board of Direct Taxes, Central Board of Indirect Taxes & Customs, 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.

7.1.2 Details of expenditure and financial proposals scrutinized and approved:

- (i) 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.
- (ii) Procurement of goods and services including procurement of anti-smuggling equipments i.e. scanners and marine vessels.
- (iii) Proposals for deputation abroad of officers of the Department of Revenue, CBDT, CBIC and their field offices.
- (iv) Restructuring proposals, redeployment of personnel in field formations and constituent units.
- (v) Comprehensive Computerization of Department of Revenue, its field formation including Customs and GST formations and Income Tax field formations.
- (vi) Proposals from Committee of Management (COM), D/o Revenue which oversees the functioning of Government Opium & Alkaloid Works (GOAWs).
- (vii) Grants-in-aid to National Institute of Public Finance & Policy and Central Revenue Sports & Cultural Board.
- (viii) 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, and construction of Rajaswa Bhawan.





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- (ix) Proposals received for sanction of financial assistance from the Customs & Central Excise Welfare Fund and Special Equipment Fund. Revision of norms were finalized in respect of setting up of/ refurbishing of recreation/sports clubs, gymnasiums, Departmental Canteens, crèches for children of Departmental officials and guest houses. Scope of cash award scheme for meritorious children with special emphasis on girl children and children of group 'D' staff was revised. As a result, more wards of the employees were benefited.
- (x) Schemes proposed by CBDT/CBIC for utilizing the budget provision under 1% Incremental Revenue Incentive Scheme for obtaining approvals of the competent authority.
- (xi) Proposals involving relaxation/interpretation of financial rules and all proposals requiring reference to the Department of Expenditure.

7.2 The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2018-19 was prepared. RE 2018-19 and BE 2019-20 ceilings have been communicated by the Budget Division, Department of Economic Affairs. The Details of RE 2018-19 and BE 2019-20 in respect of all the three grants are as below:

Grant	Gr. No.	(Rs. in crore)		
		2018-19		2019-20
		BE	RE	BE
D/o Revenue	33	90736.44	90707.41	102048.34
Direct Taxes	34	6980.00	7380.00	7336.44
Indirect Taxes	35	7825.00	7625.16	7900.00

7.3 Integrated Finance Division has taken the following steps/initiatives in 2018: -

- (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 loss of revenue on roll out of GST; Government Opium & Alkaloid Works; Acquisition of residential and office accommodation; Strengthening of IT capability for e-governance of CBIC and CBDT; Acquisition of Anti-Smuggling equipment.

7.4 In addition, the allocation and monitoring of the budget relating to advances, viz. House Building Advance, Computer Advance etc. was also done.

7.5 The Integrated Finance Division has also been entrusted with the responsibilities of formulation of schemes of important expenditure proposals. 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.





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8. Directorate of Enforcement

8.1 Organization and Functions:

Organizational set up:

The Directorate of Enforcement is headed by the Director of Enforcement. The other officers of the Directorate are Principal Special Director, Special Directors, Additional Directors, Joint Directors, Deputy Legal Advisor, Deputy Directors, Assistant Legal Advisors, Assistant Directors, Enforcement Officers and Assistant Enforcement Officers assisted by other ministerial staff. In view of the enhanced role of the Directorate in the enforcement of the Prevention of the Money Laundering Act (PMLA), 2002, the strength of the Directorate was restructured by Government in March, 2011.

The Directorate is in the process of opening new offices as well as to fill up the posts in a phased manner, keeping in view the need to ensure the quality of intake necessary for an investigative agency. The Directorate has a Head Quarters Office at New Delhi, 05 Regional Offices at New Delhi, Mumbai, Kolkata, Chennai and Chandigarh besides 19 Zonal Offices and 15 Sub Zonal Offices.

The total sanctioned strength of the Directorate is now 2067, as under: -

Post	Sanctioned Strength	In position (as of 30.11.2018)
Executive	1227	750
Ministerial	384	203
Computer Staff/Official Language Staff	55	06
Operational Staff	375	59
Legal Staff	26	09
Total	2067	1027

8.1.1 Functions of Executive Wing: -

The Directorate of Enforcement implements three Acts viz. Foreign Exchange Management Act, 1999 (FEMA), Prevention of Money Laundering Act, 2002 (PMLA) and Fugitive Economic Offenders Act, 2018 (FEOA). FEMA replaced the Foreign Exchange Regulation Act, 1973 (FERA) with effect from 01.06.2000. The Directorate also continues to perform the residual work under the repealed FERA, 1973. The Directorate also implements the provisions of COFEPOSA, 1974.

The main functions of the Directorate are as under: -

- (i) To collect, develop and disseminate intelligence relating to contraventions of FEMA. The intelligence inputs are received from various sources such as Central and State Intelligence agencies, RBI, complaints, information gathered by officers, etc.
- (ii) To investigate suspected contraventions of the provisions of FEMA relating to activities such as Hawala, unauthorized dealings in foreign exchange, non-realization of export proceeds, unauthorized retention of funds abroad including bank accounts, unauthorized acquisition of immovable properties abroad, contraventions relating to Foreign Direct Investments (FDIs), External Commercial Borrowings (ECBs), Foreign Currency Convertible Bonds (FCCBs), etc.
- (iii) To adjudicate cases of violations of the erstwhile FERA, 1973 and FEMA, 1999.
- (iv) To realize penalties imposed on conclusion of adjudication proceedings.
- (v) To handle appeals under FEMA.





- (vi) To handle appeals and prosecution cases under the erstwhile FERA, 1973.
- (vii) To process and recommend cases for detention under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act (COFEPOSA) in respect of contraventions under FEMA.
- (viii) To initiate investigations under PMLA, to ascertain whether proceeds of crime have been generated from the Scheduled offence booked by the concerned Law Enforcement Agency and such proceeds have been laundered. If a prima facie case of money laundering is made out, to attach the property derived from the proceeds of crime.
- (ix) To file prosecution complaints in the designated PMLA Court for the offence of money laundering under PMLA.
- (x) To provide and seek mutual legal assistance to/from contracting states in respect of attachment/confiscation of proceeds of crime as well as in respect of transfer of accused persons under PMLA.
- (xi) To facilitate international cooperation in Anti-Money Laundering (AML) efforts.
- (xii) To confiscate properties and assets of economic offenders that evade prosecution by remaining outside the jurisdiction of Indian courts under FEOA, if the total value involved in such offence or offences is one hundred crore rupees or more.

8.1.2 Functions of Legal Wing

- (i) The Legal Wing in the Directorate of Enforcement is headed by the Additional Director (Prosecution) which is lying vacant and Deputy Legal Adviser is presently discharging giving all such function/duties. The Deputy Legal Adviser is assisted by the ALA and AD Legal in the Headquarter and the Zones.
- (ii) The Officers in the Legal Wing render legal assistance and perform advisory duties besides presenting cases before the Adjudicating Authority and Appellate Tribunals. The Legal Wing makes use of the services of the competent lawyers to represent the Directorate in cases of significance. The Officers of the Legal Wing make significant contribution while attending to matters pending before the Adjudicating Authority, Appellate Tribunal for Foreign Exchange, Appellate Tribunal under PMLA, Special Courts, High Courts and Supreme Court. In addition, the Law Officers review the adjudication and judicial orders and suggest appropriate course of action in accordance with law.
- (iii) The Officers in the Legal Wing of the Directorate do the vetting of Prosecution complaints under PMLA Appeals, LRs and other documents from legal angle.
- (iv) The Legal Wing also monitors the progress and speedy disposal of prosecution cases under FERA and PMLA. The Officers of the Legal Wing also brief the Senior Counsels, the learned AG, SG and ASG on case to case basis as and when so required.
- (v) The Legal Wing monitors the **Legal Cases Monitoring System (LCMS)** for its day to day updates for effective and speedy disposal of PMLA cases pertaining to Adjudicating Authority/Appellate Tribunal under PMLA/High Courts and the Supreme Court.

8.3 HIGHLIGHTS OF THE PERFORMANCE AND ACHIEVEMENTS DURING THE YEAR 2018 (1st January-30th November)

The performance and achievements of the Directorate during the year 2018 (up to November, 2018) are as per **Annexure-I** (in respect of FEMA and FERA) and **Annexure-II** (in respect of PMLA).

8.3 PERFORMANCE/ACHIEVEMENTS UPTO THE LAST YEAR (2017-18)

The performance and achievements of the Directorate during the financial year 2017-18 are as per **Annexure-III** (in respect of FEMA and FERA). The performance and achievements of the Directorate during the financial year 2017-18 are as per **Annexure-IV** (in respect of PMLA).





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Comparison in disposal of the cases viz-a-viz the corresponding period of 2017 are as under:

P M L A	Cases under Investigation									
	Pending at beginning of the year as on		Registered during the year from		Disposed of during		Pendency as on		Percentage disposal w.r.t. pendency	
	01.01.2018	01.01.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017	30.11.2018	30.11.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017
	1053	1155	137	154	264	237	840	1072	31.42	20.52

F E M A	Cases under Investigation									
	Pending at beginning of the year as on		Registered during the year from		Disposed of during		Pendency as on		Percentage disposal w.r.t. pendency	
	01.01.2018	01.01.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017	01.01.2018-30.11.2018	01.01.2017-30.11.2017
	6855	4707	2511	3693	2212	1709	6613	6798	33.44	36.20

8.4 e- GOVERNANCE

Enforcement Directorate, Headquarters Office and zonal offices have their own LAN, which is connected to NICNET WAN, ED HQ and Zonal offices are using the office automation tool like Microsoft Office, to accomplish the day to day activities like preparing letter, excel sheet and graphs.

Some e-governance initiatives taken by the Directorate of Enforcement are as under: -

- (i) **Website** - Directorate has a web site having the contents in both English and Hindi, where citizen can get information related to this office, various acts enforced and other related information. Recently, the website has been completely revamped to provide for a new and user-friendly interface. Apart from it, various new features like Details of Confirmed Attached Properties, Information about senior officers, Contact Information of PIOs for providing information under RTI Act etc. have also been added.
- (ii) **Comp DDO** - A pay roll system has been implemented for managing the salary of its employees.
- (iii) **E-mail** - NIC email id has been provided to officials.
- (iv) **Video Conferencing** - A web-based Video Conferencing system is being used in the Directorate.
- (v) **MPR (Monthly Progressive Report)** - A web-based application has been developed to enter and consolidate the statistical information related to monthly progressive report to FERA, FEMA, and PMLA related cases.
- (vi) **MIP (Monthly Integrated Proforma)** - A web-based application has been developed to enter and consolidate the information related to monthly Integrated Proforma for PMLA.
- (vii) **Employee Information System (EIS)** - This is a web-based application to store, process and generate the various reports of an employee. It provides the information of an employee such as present post, place of posting, date of joining in Enforcement Directorate, date of birth and retirement, mode of recruitment, next date of promotion and post, information of sanctioned post, working post and vacant post at Directorate and its subordinate offices.
- (viii) **Legal Cases Monitoring System (LCMS)** - This is a web-based application to monitor the status of the legal cases filed by the Directorate or by the Party in Supreme Court, PMLA Tribunal, PMLA Adjudication Authority and PMLA Special Court. It captures the information such as Petition Number, Petitioner Name, Role of DoE, Concern Zone Name, ECIR Number, PAO Number etc. It records the status/progress of the case on last date hearing.
- (ix) **Enforcement Directorate Offenders Tracking System (EDOTS)** - A web-based application for FEMA and PMLA cases has been developed to capture and create a database for FEMA and PMLA related cases starting from the T-3 file stage. This has been developed in ASP.Net technology to provide the user-friendly interface to the users, and SQL Server as a backend database to store the data. Forms have been designed with user friendly interface.





- (x) **Notice Board Application** - A new application 'Notice Board' has been developed for uploading/publishing/viewing the various circulars/downloadable forms/training related information/important judgments under FEMA/PMLA etc. The uploaded information is grouped into major category and then in sub categories. On login, it will display the list of all the major categories and which in turn is hyperlinked to display the details of uploaded information for this major category. This application is a ROLE based and there are four pre-defined ROLE viz. 'ADMIN', 'ENTRY', 'PUBLISH' and 'VIEW'. There are further options for raising queries based on various parameters like Category, Circular Year, Circular Number and subject.
- (xi) **Expenditure Monitoring System (EMS)** This application is developed to capture the details of budget estimates, budget allocation, and monthly expenditure by the various officers of the directorate.
- (xii) **National Risk Assessment Monitoring System:** This is a web-based application developed for creating a database with respect to National Risk Assessment exercise being undertaken at the Directorate. The basic objectives of this application is to provide the option for capturing the offender's details such as ECIR No., FIR No., Predicate offence and its corresponding section, status of predicate offence and total value of POC accessed by LEA and ED, status of LR sent to foreign countries and modus operandi used by the offenders/conspirator.
- (xiii) **Discussion forum:** This is a web based application for collaboration or discussion where officials can hold conversations in the form of posted messages/replies. A discussion forum is an area where participants can discuss a topic or a group of related topic. Within each subject, participants can create multiple threads. A thread includes the initial post and all replies to it. Users can participate in any available topics relevant to the department.
- (xiv) **FTS:** FTS application is being reconfigured to meet the requirement of the Directorate. A new instance of data base and application has been created on the existing server. New sections and users are being created as per the requirement of the Directorate.

8.5 GRIEVANCES REDRESSAL MACHINERY

Grievance officers have been nominated at Headquarters Office and Zonal / Sub-Zonal Offices of the Directorate for re-dressal of public/staff grievances and prompt action is being taken to redress their grievances.

8.6 GENDER BUDGETING/EMPOWERMENT OF WOMEN:

No fresh case has been reported regarding sexual harassment at work place during the year 2018.

8.7 ACTIVITIES UNDERTAKEN FOR DISABILITY SECTOR & SC/ST & OTHER WEAKER SECTIONS OF THE SOCIETY.

The rules framed by the Government and guidelines issued from time to time are adhered to and followed by the Directorate. Relevant information marked as **Annexure-V**.

8.8 REPRESENTATION OF SCs, STs AND OBCs

The information related to representation of SCs, STs, OBCs are as per **Annexure-VI**.

8.9 IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

During the year 2018 (up to November, 2018), 464 RTI applications were received in Headquarters office of the Directorate, which were promptly disposed of within the stipulated period.

8.10 OTHER INITIATIVES IN ED

The activities initiated in ED viz. Swachh Bharat Abhiyan, Biometric Attendance System, Vigilance Awareness Week, International Day of Yoga, An MoU signed between Directorate of Enforcement and Gujarat Forensic Science University and NATGRID mentioned in **Annexure-VII**.





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9. Central Board of Indirect Taxes and Customs (CBIC)

9.1 Change in Customs Duty (During 2018-19):

9.1.1 Initiatives for "Make in India":

9.1.1.1 Reduction in Customs duty on inputs and raw materials to reduce input cost/address duty inversion, so as to incentivize the domestic value addition:

- (a) Cashew nuts in shell [Raw cashew] from 5% to 2.5%;
- (b) Certain specified parts for manufacture of CNC machine tools [headings 8456 to 8463] from 7.5% to 2.5%;
- (c) Solar tempered glass or solar tempered [anti-reflective coated] glass for manufacture of solar cells /panels/modules from 5% to Nil;
- (d) Raw materials, parts or accessories for the manufacture of Cochlear Implants from 2.5% to Nil.
- (e) 36 capital goods have been exempted from basic customs duty under end used based condition.

9.1.1.2 Increase in Basic Customs duty (to come into force w.e.f. 4th August, 2018), vide notification Nos. 48/2018 and 49/2018 both dated 20th June, 2018, on certain goods such as Iron and steel products and agricultural commodities, imported from the United States of America, subsequent to the US measure of increase in duties on certain steel and aluminum products.

Basic Customs duty was increased on shelled almonds [0802 12 00] from Rs. 65/Kg to Rs. 100/Kg, walnuts in shell from 30% to 100%, wheat from 20% to 30%, protein concentrates from 10% to 40%, vide notification Nos. 45/2018-Customs and 46/2018-Customs both dated 23rd May, 2018.

Increase in Customs duty on certain goods, to incentivise domestic value addition:

- Fruit juices from 10%/30% to 35%/50%;
- Perfumes and toiletry preparations from 10% to 20%;
- Specified parts of motor cars, buses, trucks and motor cycles of headings 8702, 8703, 8704 and 8711 from 7.5%/10% to 15%;
- Completely built units of buses and trucks of headings 8702 or 8704 from 20% to 25%;
- Truck and Bus radial tyres from 10% to 15%;
- Silk Fabrics from 10% to 20%;
- Cut and polished diamonds and precious stones [other than rough] from 2.5% to 5%;
- Imitation Jewellery from 15% to 20%;
- Footwear from 10% to 20% and footwear parts from 10% to 15%;
- Cellular mobile phones from 15% to 20% and Smart watches / wearable devices from 10% to 20%;
- Specified parts and accessories of cellular mobile phones from 10% to 15%;
- LCD/LED/OLED panels and other parts of LCD/LED/OLED TVs from 7.5%/10% to 15%;
- Furniture and furniture parts [other than aircraft seats and parts thereof]; Mattresses supports; articles of bedding and similar furnishing from 10% to 20%;
- Lamps and lighting fitting, illuminated signs, illuminated name plates and the like [except solar lanterns or solar lamps] from 10% to 20%;
- Watches and Clocks including alarm clocks; Clocks with watch movements from 10% to 20%;
- Toys and games from 10% to 20%; Kites from 10% to 20%;





- Candles, tapers from 10% to 25%;
- Sunglasses from 10% to 20%;
- Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks from 10% to 20%;
- Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetic or toilet preparations from 10% to 20%;
- For protecting the interests of the farmers, on the recommendations of the Committee of Secretaries the BCD on all crude edible oils (other than palm oil) and refined edible oils (other than palm oil) was raised to 35% and 45% respectively. The BCD on refined olive oil was raised to the bound rate of 40% [vide notification No. 47/2018 dated 14th June, 2018.
- Air conditioners 10% to 20%;
- Household Refrigerators 10% to 20%;
- Washing machines less than 10 Kg 10% to 20%;
- Compressor for air conditioners and refrigerators 7.5% to 10%;
- Speakers 10% to 15%;
- Footwears 20% to 25%;
- Radial Car tyres 10% to 15%;
- Non-industrial diamond (other than rough diamonds), i.e., cut and polished diamond 5% to 7.5%;
- Diamonds-semi processed, half cut or broken 5% to 7.5%;
- Lab grown diamonds 5% to 7.5%;
- Cut and polished Colored gemstone 5% to 7.5%;
- Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal 15% to 20%;
- Articles of Goldsmith or silversmith wares and parts thereof of precious metal or of metal clad with precious metal 15% to 20%;
- Bath, shower bath, sink, wash basin, etc. of plastics 10% to 15%;
- Articles of plastics for conveyance and packing such as boxes, case, containers, bottles, insulated ware etc. 10% to 15%;
- Tableware, kitchenware and other household items of plastics 10% to 15%;
- Miscellaneous items of plastics such as office stationery, fitting for furniture's, decorative sheets, statuettes, beads, bangles etc. 10% to 15%;
- Trunks, Suitcase, Executive cases, Brief Cases, travel bags and other bags etc. 10% to 15%;
- Aviation turbine fuel Nil to 5%;
- Printed Circuit Board Assembly (PCBA) Nil to 10%;
- Optical transport equipment 10% to 20%;
- Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS) 10% to 20%;
- Optical Transport Network (OTN) products 10% to 20%;
- IP Radios 10% to 20%;





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- Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers 10% to 20%;
- Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products 10% to 20%;
- Multiple Input/Multiple Output (MIMO) and Long-Term Evolution (LTE) products 10% to 20%;
- Base Station 10% to 20%;

9.1.2 Rationalization in Customs duty rates:

- Specified crude edible oils from 12.5% to 30% and specified refined edible vegetable oils from 20% to 35%;
- Refractory items, falling under tariff item/headings 6815 91 00, 6901, 6902 and 6903 from 10%/5% to 7.5%.

9.1.3 Social Welfare Surcharge on imported goods:

- A Social Welfare Surcharge, at the rate of 10% of the aggregate duties of customs, is being imposed on imported goods, while abolishing the Education Cess and Secondary and Higher Education Cess on imported goods.
- Certain specified goods, which were hitherto exempt from Education Cesses, will be exempt from this Surcharge. Further, certain specified goods will attract this Surcharge at the rate of 3% of the aggregate duties of customs.

9.1.4 Road and Infrastructure Cess on petrol and diesel: To allocate adequate resources for development of infrastructure.

- Road and Infrastructure Cess, at the rate of Rs. 8 per litre, is being imposed on both imported as well as domestically produced motor spirit commonly known as petrol and high-speed diesel oil.
- Simultaneously, the Additional Excise Duty /Additional Duty of Customs [Road Cess], presently charged at the rate of Rs. 6 per litre, on petrol and diesel are being abolished, and Basic Excise Duty on petrol and diesel is being reduced by Rs. 2 per litre;
- As a result, the total excise duty on petrol and diesel remains unchanged.

9.2 Change in GST rates (During 2018-19):

9.2.1 GST rates reduction on 28% items:

9.2.1.1 28% to 18%:

- Paints and varnishes (including enamels and lacquers)
- Glaziers' putty, grafting putty, resin cements
- Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
- Washing machines.
- Lithium-ion batteries
- Vacuum cleaners
- Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
- Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
- Televisions upto the size of 68 cm





- Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.
- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations.
- Pulleys, transmission shafts and cranks, gear boxes etc.
- Monitors and TVs of up to screen size of 32 inches
- Re-treaded or used pneumatic tyres of rubber;
- Power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium-ion battery.
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites

9.2.1.2 28% to 12%:

- Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle.

9.2.1.3 28% to 5%:

- Parts and accessories for the carriages for disabled persons

9.2.1.4 18% to 12%:

- Cork roughly squared or debugged
- Articles of natural cork
- Agglomerated cork
- Bamboo flooring
- Brass Kerosene Pressure Stove.
- Hand Operated Rubber Roller
- Zip and Slide Fastener
- Specified handicraft items, namely
 - Handbags including pouches and purses; jewellery box
 - Wooden frames for painting, photographs, mirrors etc
 - Art ware of cork [including articles of sholapith]
 - Stone art ware, stone inlay work
 - Ornamental framed mirrors
 - Glass statues [other than those of crystal]
 - Glass art ware [incl. pots, jars, votive, cask, cake cover, tulip bottle, vase]
 - Art ware of iron
 - Art ware of brass, copper/ copper alloys, electro plated with nickel/silver





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- Aluminum art ware
- Handcrafted lamps (including panchloga lamp)
- Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)
- Ganjifa card

9.2.1.5 18% to 5%:

- Marble rubble
- Ethanol for sale to Oil Marketing Companies for blending with fuel
- Solid bio fuel pellets

9.2.1.6 12% to 5%:

- Natural cork
- Walking Stick
- Fly ash Blocks
- Chenille fabrics and other fabrics
- Handloom dari
- Phosphoric acid (fertilizer grade only).
- Knitted cap/topi having retail sale value not exceeding Rs 1000;
- Specified handicraft items, namely;
 - Handmade carpets and other handmade textile floor coverings (including
 - namda/gabba)
 - Handmade lace
 - Hand-woven tapestries
 - Hand-made braids and ornamental trimming in the piece

9.2.1.7 18% 12% 5% to Nil:

- Music Books
- Stone/Marble/Wood Deities
- Rakhi [other than that of precious or semi-precious material of chapter 71]
- Sanitary Napkins,
- Coir pith compost
- Sal Leaves siali leaves and their products and Sabai Rope
- Phool Bhari Jhadoo [Raw material for Jhadoo]
- Khali dona.
- Circulation and commemorative coins, sold by Security Printing and Minting
- Corporation of India Ltd [SPMCIL] to Ministry of Finance.
- Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container



**9.2.2 Miscellaneous:**

- Exemption from GST on supply of gold by Nominated Agencies to exporters of article of gold Jewellery.
- Exemption from GST on proceeds received by Government from auction of gifts received by President, Prime Minister, Governor or Chief Minister of a State and public servants, the proceeds of which is used for public or charitable cause.
- Exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane).
- Rate of 5%/18% to be applied based on transaction value of footwear
- Uniform GST rate of 12% on Flexible Intermediate Bulk Container (FIBC) from existing 5%/12% (depending on the value).

9.2.3 Transitional Provisions (GST)

- i. Detailed circular dated 03.04.2018 issued regarding setting up of an IT Grievance Redressal Mechanism to address the grievances of taxpayers due to technical glitches on GST Portal.
- ii. Issued detailed circular regarding procedure for recovery of arrears under existing law and reversal of inadmissible input tax credit.
- iii. Legislative changes carried out vide CGST (Amendment) Act, 2018 to clarify the scope of "eligible duties" under section 140 of the CGST Act and disallow transition of credit of cesses.
- iv. Timely disposal of writ petitions filed by tax payers before various High Courts and filing of SLPs before Supreme Court regarding issues pertaining to transitional provisions and inability to file TRAN-1 credit due to IT glitches on common portal. Favourable decision of Mumbai High Court in the case relating to challenge of constitutional validity of section 140(3)(iv) of the CGST Act.

9.3 GST**9.3.1 Tax Act, 2017:**

The Central Goods and Services Tax Act, 2017 has been amended vide the Central Goods and Services Tax (Amendment) Act, 2018. Further, Integrated Goods and Services Tax Act, 2017 has been amended vide the Integrated Goods and Services Tax (Amendment) Act, 2018.

9.3.2 Changes made in CGST Rules, 2017

The following 14 notifications have been issued making changes to the Central Goods and Services Tax Rules, 2017:

- (i) Notification No.03/2018 - Central Tax (Dated 23rd January, 2018),
- (ii) Notification No. 12/2018 - Central Tax (Dated 07th March, 2018),
- (iii) Notification No. 14/2018-Central Tax (Dated 23rd March, 2018),
- (iv) Notification No. 21/2018-Central Tax (Dated 18th April, 2018),
- (v) Notification No. 26/2018-Central Tax (Dated 13th June, 2018),
- (vi) Notification No. 28/2018-Central Tax (Dated 19th June, 2018),
- (vii) Notification No. 29/2018-Central Tax (Dated 06th July, 2018),
- (viii) Notification No. 39/2018-Central Tax (Dated 04th September, 2018),
- (ix) Notification No. 48/2018-Central Tax (Dated 10th September, 2018),
- (x) Notification No. 49/2018-Central Tax (Dated 13th September, 2018),





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- (xi) Notification No. 53/2018-Central Tax (Dated 9th October, 2018),
- (xii) Notification No. 54/2018-Central Tax (Dated 9th October, 2018),
- (xiii) Notification No. 60/2018-Central Tax (Dated 30th October, 2018)
- (xiv) Notification No. 74/2018-Central Tax (Dated 31st December, 2018)

9.3.3 Notifications issued

65 notifications have been issued in exercise of the powers under various sections of the CGST Act, 2017. These notifications have been issued to waive the amount of late fees leviable on account of delayed furnishing returns, extension of due date of filing of returns, exempting certain supplies from the applicability of GST, laying down special procedures etc.

9.3.4 Circulars issued

31 Circulars have been issued by GST Policy Wing on clarification on refund related issues, clarification regarding processing of refund claims filed by UIN entitles, recovery of arrears of wrongly availed CENVAT credit under the existing law and inadmissible transitional credit, scope of Principal-agent relationship in the context of Schedule I of the CGST Act etc.

9.4 Central Excise

Review of working of Scheme of Budgetary Support was undertaken. A conference of jurisdictional Chief Commissioners was convened for analysis of the technical and operational difficulties being experienced by trade and field officers. The amendments were finalised in the scheme notified by Department of Industrial Policy & Promotion (DIPP) and forwarded to DIPP for necessary amendments. Periodical video conferences were convened with Chief Commissioners/Commissioners to review progress of implementation of the Scheme.

9.4.1 Change in Central Excise duty (During 2018-19):

- Central Excise duty on Petrol and diesel reduced by Rs. 1.5 per litre w.e.f. 5th October, 2018;
- Central Excise duty on ATF reduced from 14% to 11% w.e.f. 11th October, 2018.

9.5 Customs & Drawback:

9.5.1 Review of Customs Act, 1962 for Trade Facilitations: The comprehensive review of the Customs Act has been done and amendments have been done in Finance Act, 2018. These amendments would facilitate ease of doing business and align it with Trade Facilitation Agreement signed by India. The provisions like Customs Audit, Customs Co-operation, Controlled Delivery, Appellate mechanism in Advance Rulings, etc. are the prominent changes done during last year.

9.5.2 Revised All Industry Rates Duty Drawback notified on 6th December, 2018. The Rates are effective from 19.12.2018.

9.5.3 Foreign Trade Policy:

- (i) Notification No. 35/2018-Cus dated 28.03.2018 issued to extend the exemption from Integrated Tax and Compensation Cess on goods imported against AA/EPCG authorization upto 01.10.2018 and notification No. 66/2018-Cus dated 26.09.2018 issued to further extend the said exemption upto 31.03.2019.
- (ii) Notification No. 52/2018-Cus dated 14.07.2018 issued to amend Notification No. 50/2017-Cus dated 30.06.2016 whereby list of items allowed for duty free import on basis of past export performance for Handicraft Sector has been expanded.

9.5.4 Ease of doing business:

- (i) Notification No. 3/2018-Cus dated 12.01.2018 issued to allow export under Export Promotion Schemes from Dhamra and Dighi Ports.





- (ii) Notification No. 01/2019-Cus (NT) issued to allow export to Nepal under claim of Duty Drawback from Land Customs Station (LCS), Barhni.
- (iii) Notification No. 63/2018-Cus dated 18.09.2018 issued to amend Notification No. 24/2015-Cus dated 08.04.2015 whereby exports of goods under MEIS through e-commerce platform has been permitted from all International Courier Terminals and Foreign Post Offices and value limit for such exports has been aligned to Foreign Trade Policy.
- (iv) A number of reforms have been carried out by Customs like DPD, DPE, E-sanchit, E-sealing, etc. which have resulted in quantum jump in the Trading Across Border (TAB) parameter of Ease of Doing Business. The rank of India in the TAB parameter has improved from 146 during last year to 80 in the current year.

9.6 Anti-Smuggling

- (i) Reward Guidelines were amended to expand the scope to GST eases.
- (ii) Instructions to field formations were issued to improve handling and storage system of seized / confiscated valuable goods such as gold.
- (iii) Instructions were issued to the field formations on ban on oxytocin and stepping up vigilance mechanism, sharing of cases to CEIB.
- (iv) Approvals were accorded for procurement, Centralized Complaints Annual Maintenance Contract and hiring of various Anti-Smuggling equipment and purchase of vehicle for various field formations/ Directorates under CBIC.

9.7 LEGAL

- (i) Implemented recommendations/ suggestions made by TPRU (Tax Policy Research Unit) to reduce litigation. As a result, numbers of steps have been taken to reduce pendency of appeals and litigation.
- (ii) Monetary limits for filing appeals in various fora, w.r.t. legacy cases pertaining to Central Excise and Service Tax, have been enhanced vide instruction F. No. 390/Misc./116/2017-JC dated 11.07.2018. Post enhancement, the monetary limits to file appeal in the CESTAT, High Courts and Supreme Court are 20 Lakhs, 50 Lakhs and 1 Crore respectively. Pursuant to this hike in the monetary limits, a total of 407 cases (285 cases of Central Excise and 122 cases of Service Tax) have been identified as ripe for withdrawal, which are pending in the Supreme Court. The same has been forwarded to the Central Agency Section (CAS), Department of Legal Affairs, Ministry of Law for further necessary action.
- (iii) Number of instructions has been issued to the field formations for uploading of data on Legal Information Management and Briefing System (LIMBS) portal. Field formations under CBIC have uploaded 51180 cases till date on this portal. 12523 cases pertaining to High Courts as against the total pendency of 14573 and 34711 cases pertaining to CESTAT as against the total pendency of 62398 have been uploaded. Supreme Court cases are being uploaded. There are 3946 cases pending in the Supreme Court and all have been uploaded. Further, Single Window Clearance (SWC) utility in the LIMBS Portal has been implemented in CBIC. SWC has been developed for proactive monitoring of timelines in filing SLP/Appeals.

9.8 SYSTEMS

- To reduce physical interface between Customs/regulatory agencies and the trade/industry and increase the speed of clearance in both Imports & Exports, a facility to upload digitally signed Licenses/ Permits/ Certificates/Other Authorizations (LPCOs) by Participating Government Agencies (PGAs) on e-SANCHIT introduced at all the EDI locations across India.
- DR Simulation activity for Customs Applications (ICES, RMS, ICEGATE and e-SANCHIT) completed on 24th Nov '18.





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- Approval obtained for CBIC's Advanced Analytics project "ADVAIT". This project is expected to significantly improve tax recovery and fraud detection and provide inputs for policy formulation. Contract has been awarded & project has been kick-started on 15.10.2018.
- Value mismatch of around Rs. 12 lakh crores detected as a result of data matching exercise conducted between Service income declared in Income Tax data of CBDT in comparison to that shown in Service Tax returns for FY 2015-16.
- Migration of RMS, ICEGATE, ICES & EDW to new Saksham IT infrastructure.
- New RFP for "Program Governance & Monitoring Agency" (PG&MA) was floated and bids obtained. It is in the final stages of award.
- Drive-through Container Scanner solution implemented by M/s RAPISCAN at Mundra integrated with Customs systems from an infrastructure perspective. Integration with RMS in underway.
- Revised refund processing, integration of the export data and online processing of IGST Refunds from Non EDI sites, SMS alerts and notifications to exporters etc.
- Enhanced security by OTP based login for officers, in addition to user id & password for accessing the ICES application.
- E-Mobility solution, Customs PCA with RMS implemented in ECCS.
- e-SAJAG, web-based application for Vigilance Clearance launched on 20th December 2018.
- Go live of enquiry to display ROSL Scroll Status at PFMS - PAO - Banks on ICEGATE website. The existing ROSL Sanctioned Status enquiry is integrated with PFMS, PAO and Bank response.
- WBE ledger Enquiry is launched, which will enable the traders to monitor their warehoused stocks by showing their WBE details such as value credited/debited, quantity credited/debited, net value available etc.
- E-SEAL vendor registration is new registration category created for specific group of vendor who are eligible to sell e-SEAL for IEC.
- On the GST Front, CBIC Mitra helpdesk has achieved 80% satisfaction rate based on user feedback.
- Further, Registration, Payment, Returns & Refund Modules with a number of functionalities deployed into production in the GST application.
- 24 MIS reports, including 5 analytical reports in GST have been made available to the field formations.
- DRC 07 module is released in GST for updating liability ledger on confirmation of demand by adjudication order.
- Samarth, the Learning Management System (LMS) upgraded and made live on Intranet and Internet. It hosts the learning modules prepared by NACIN and DG Systems.
- 1389 CBIC offices have been included under the LAN-WAN implementation scope. Out of these, 1101 sites have been completed and rest are nearing completion.
- Non-EDI to EDI conversion has been completed at 23 out of 24 locations/sites by LAN/WAN. Out of these, 5 are in production and 16 are in pre-production in ICES.

9.9 Director General of Taxpayer Services

With GST being still in its infancy - having been launched on 1st July, 2017, meeting the immense advertising and publicity requirements of GST was a huge challenge. Considering the immensity of the change that GST would bring in the Country's Indirect taxation landscape, the focus of Advertising and Publicity in the period under report was on GST. The challenge was to implement a pan- India sustained campaign with the objective of creating awareness about this new tax measure, and addressing the information & guidance needs of the stake-holders. Accordingly, a comprehensive advertising and publicity plan was implemented after identifying areas of information needs in respect





of different segment i.e. taxpayers, stakeholders and common man, which needed to be addressed. Further, Advertising & Publicity activities were not limited to GST alone. In the area of Customs, we have seen very important developments during this period like implementation of Trade Facilitation Agreement, measures taken to enhance Doing Business, which needed to be publicized. Similarly, matters like Facilitation for International Passengers, Advisory against using foreign origin firecrackers, Vigilance Awareness Week - 2018 were also published, during the above period. In this regard, apart from Print & Electronic Media, other media like hoardings, social media, etc. were used for communication.

9.10 Major Achievements in Human Resources

9.10.1 Promotion of Group - A (IRS (C&CE) Officers:

The HRM-I wing of DGHRD, CBIC has conducted DPCs for past vacancy years for regularization of ad-hoc promotions and promotions for various grades in Group A during the above period resulting in the promotion of a total of 1989 officers. Besides this proposal for JS empanelment of 4 Batches were processed during the said period.

Total 22 officers were promoted to the Apex Grade (Pr. Chief Commissioner). 26 officers to HAG+ (Chief Commissioner), 100 Officers to HAG (Principal Commissioner). The promotion of 109 officers in SAG (Commissioner) were regularized, the promotions of 225 officers were regularized in the grade of JAG (Joint Commissioner), promotions of 256 officers were regularized in the grade of STS (Deputy Commissioner), 49 officer were granted NFU in SAG, 83 officers were given NFSG, 260 officers were promoted on ad-hoc basis to the post of Deputy Commissioner, 188 officers were promoted to the grade of Joint Commissioner on ad-hoc basis and 671 officers were promoted to the grade of Assistant Commissioner. 26 Officers of 1990 & 1991 Batch were empanelled as Joint Secretary.

9.10.2 Digitization

During the said period the Online APAR & IPR Portal SPARROW which was launched in 2017-18, was stabilized. Besides maintenance of all HR data online, the APARs (Annual Performance Appraisal Reports) were filed online by officers and processed online by their Reporting and Reviewing Officers. Similarly, IPRs (Immovable Property Returns) were filed online.

9.10.3 Cadre Restructuring 2018

DoP&T vide OM F. No. I.11019/9/2018-CRD dated 25.05.2018 issued the Calendar for Cadre Review of various Central Group A Services. Meetings were held with Staff Associations from 30.07.2018 to 02.08.2018 and inputs received from recognized All India Staff Associations. The DGHRD Teams visited to Bhopal, Lucknow, Chennai, Mumbai, Kolkata and Delhi and inputs received from CCAs, GST Zones/ Customs Zones/ Directorates. The Working Group and Core Team for CR 2018 are working in full swing to ensure that the Cadre Restructuring proposal is submitted in time.

9.10.4 Recruitment Rules

The draft Recruitment Rules for Executive Assistant, Lower Divisional Clerk, Havaldar and Driver (Selection Grade) etc. have been submitted and being followed up for notification during the period of report.

9.10.5 Seniority List:

3 (three) OMs were issued during the relevant period issued for amendment of All India Seniority List (AISL) for the grade of Superintendent of Central Excise, Superintendent of Customs (Prev.) and Administrative Officer (Central Excise & Directorates). AISL for Administrative Officer (Customs) have also been issued during the period.

9.10.6 Placement related work:

Transfer/Placement Guidelines 2018 for IRS (C&CE) officers was formulated with the approval of the competent authority in April 2018. 1486 representations received during the period from IRS (C&CE) officers for Posting/Transfer, were scrutinized for submission to the Board. Based on vacancy charts in various grades prepared in this office, CBIC issued 18 Posting/Transfers Orders of 1049 IRS (C&CE) officers during the period. Monthly Disposition List of all Group-'A' officers along with preparation of vacancy/Incumbency Position for all Group-'A' officers was maintained.





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9.10.7 Data Bank related Work:

Updation & maintenance of HOPs (History of Posting) of all the Group 'A' officers under CBIC and updation of Intellimate software in view of various formation, and preparation of CIVIL LIST 2019 have been done in this office.

9.10.8 FR 56 J related Work:

26 Non-ACC Group 'A' officers was screened out of which 25 Non-ACC officers were reviewed and clearance of 1 officer has been deferred for further information under Rule 56j during the period. 536 Group 'B' & 285 Group 'C' Officers were to be reviewed under FR 56(j) and out of them 1490 Group 'B' & 257 Group 'C' Officers were reviewed during the period.

9.10.9 Swachhta Action Plan

Implementation of SAP is being closely monitored by the office of the DGHRD. The reports are being sought monthly from all the Zones/Directorates under CBIC and being compiled and sent to the Board. Swachhta Awards 2017-18 were distributed to the best performing GST Zone, best Customs Zone, best Directorate and two best Commissionerates. 1st Edition of "Swachhta Uday" Booklet was released by Sh. Shiv Pratap Shukla, Hon'ble MoS (Finance).

9.10.10 Allocation and Policy of Group-B (Non Gazetted) officers

Allocation of Central Excise Inspector (856), Preventive Officer (121), Examiner (37), Tax Assistant (622) selected through SSC CGLE 2016 was done. Allocation of Stenographer Grade-II (133) in CBIC selected through SSC Examination 2016 and Junior Hindi Translator (42) in CBIC selected through SSC Examination 2017 have also been done. CBIC initiated the Online DPC Module and launched an upgraded Report Module.

9.10.11 Bhavishya Software for Pensioners

Out of 1477 DDOs in CBIC, 1318 DDOs were registered under Bhavishya Portal. Created NIC mail id of "Non-registered" DDOs through Nodal Officer of DGHRD, who were finding difficulty in registering themselves at NIC mail.

9.10.12 Introduction of SPARROW module for Group-B and Group-C Officers of CBIC:

DGHRD is implementing e Office Lite (SPARROW) for the entire 45000 Group B and C staff of CBIC. This includes Smart Performance Appraisal Report. Recording Online Window (SPARROW) and Personnel Information Management System (PIMS). The portal is accessible through VPN (for extra security) on sparrow-cbic.rcvil.gov.in . With the project going live on 1st April, CBIC will be the first central government department to implement SPARROW on this scale.

9.10.13 An "Expenditure Management Cell (EMC) Manual" on budgeting and expenditure procedures incorporating the updated GFRs, 2017 and relevant instructions by Dept. Of Expenditure was published. 195 Operational Vehicles were provided to DGCI. 189 posts on cost recovery basis were sanctioned with the approval of the Finance Minister for 8 customs facilities viz. ICDs, CFSs etc. Four customs facilities were granted exemption from the payment of cost recovery charges with the approval of the Competent Authority.

9.10.14 Green Infrastructure Projects

A detailed course on 'Green Building' has been organized by the International Centre for Environment Audit and Sustainable Development (ICED) for the first time for CBIC officers that covers important topics like energy Efficiency and Conservation, Water Conservation in buildings, Waste Management with focus on e-Waste and office waste, Sustainable Public Procurement, Environment Management, etc.

9.10.15 Restoration of vintage buildings:

INTACH (Indian National Trust for Art and Cultural Heritage) has been appointed by CBIC as consultancy agency for restoration and conservation of departmental buildings which have been granted status of 'Heritage Building'.

Example: (i) Customs House, Kolkata

(ii) Old Light House Building, Puducherry



**9.10.16 Mandatory Installation of Led Based Lights And Energy Efficient Equipment (Fans And Air-Conditioners) In All Government Owned Buildings**

- (i) Name of the Scheme: UJALA (Unnat Jyoti by Affordable LEDs for All)
- (ii) Designated Agency: M/s. Efficient Energy Services Limited
- (iii) Target/Objective: Mandatory Installation of LED lights and energy efficient equipment in all 468 Government Owned Buildings
- (iv) Progress Report:

S.No.	Progress Status	Number of buildings
(a)	CBIC owned government buildings in which work of installation of LED based lighting has been completed	77
(b)	CBIC owned government buildings in which work of installation of LED based lighting has been partially completed and is under progress	89
Total		166

9.10.17 (i) 9 (nine) construction proposals involving an amount of Rs.340.12 Cr were sanctioned during the period. 11 (eleven) land proposals involving an amount of Rs.3.69 Cr and 1(one) ready built accommodation proposal involving an amount of Rs.87.28 Cr were also sanctioned during the period.

(ii) 266 requests for medical expenses of the Departmental officials involving an amount of Rs. 2.36 Cr (not reimbursed under CGHS/ CS(MA) Rules) have been sanctioned from the Customs & Central Excise Welfare Fund in the material period. 61 requests of the Widows/ dependents of the deceased/ permanently disabled Departmental officials involving an amount of Rs. 1.10 Cr have been approved during the material period. 113 Scholarships involving an amount of Rs. 25 Lakh were sanctioned to the children of the Departmental officials for pursuing the undergraduate level professional courses during the period. 5 proposals involving an amount of Rs. 44.41 Lakh for setting up/ refurbishment of the Guest Houses have been approved. One proposal for setting up Hostel accommodation involving an amount of Rs. 11.40 Lakh has been approved. 4 proposals for setting up/ refurbishment of the Canteen / Kitchenettes/ Tiffin Rooms involving an amount of Rs. 15.43 Lakh have been approved. One proposal for setting up Creche Facility involving an amount of Rs. 1.76Lakh has been approved. An amount of Rs. 20.31 Lakh was approved as reimbursement under the scheme for partial funding of the subsidized transport facility for the officers/staff posted at JNCH, Nhava Sheva, Raigarh.

9.10.18 New Initiatives/ Schemes:

A proposal for implementation of Public Financial Management System (PFMS) for benefits under the C&CE Welfare Fund and Delegation of Powers in favour of the Zonal Chief Commissioners/ Directors General for grant of financial assistance under the various Welfare Schemes under the Welfare Fund is under consideration of the Governing Body of the Welfare Fund in consultation with the Pr. CCA, CBIC.

A revised scheme for grant of Cash Awards to the meritorious children of Departmental officials on the basis of their performance in the 10th /12th Board Examinations for the academic years 2015-16, 2016-17 and 2017-18 and onwards has been circulated to the field formations, seeking applications of the children of Departmental officials.

9.10.19 e-Governance activities

As a part of good governance through the use of information technology, the following initiatives have been taken:

- **GeM (Government e-Marketplace)**

Government e-Marketplace (GeM), the integrated portal, was launched by DGS&D (under Department of Commerce) on 9th August, 2016. It is an end-to-end procurement system for procurement of goods and services by Government buyers.





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A Nodal Officer Account has been created on GeM Portal for procurement of goods and services. So far, in CBIC, 7057 orders have been placed on GeM for various goods for office items like vehicles, stationery, photocopy paper, pen, pencil, punch, tag, register, file board, note sheet, tape, highlighter, fax roll, toner, cartridge, computer, printers, UPS, pen drive, water purifier, drinking water cooler and antivirus software.

10. Central Board of Direct Taxes (CBDT)

10.1 Net Direct Tax Collection as on 31.12.2018

(In. Rs. Crore)

Head	Net Direct Tax collections as on 31.12.2017	Net Direct Tax collections as on 31.12.2018	Growth rate of Net collection	% of Budget Estimates Achieved
Corporation Tax	375046	435162	16.0%	70.1%
Taxes on Income (including STT)	268,305	308,012	14.8%	58.2%
OTHER TAXES (WT, etc.)	11,271	594	-94.7%	100.0%
Grand Total	654622	743768	13.6%	64.7%

10.2 Widening of tax base:

There has been a marked improvement in the number of Income Tax Returns (ITRs) filed during FY 2018-19 (up to December 2018) compared to the corresponding period in the preceding year. The total number of ITRs e-filed up to December 2018 is 6.24 crore as against 4.35 crore filed up to December 2017, marking an increase of 43%. A remarkable increase is seen in the number of ITRs in two categories i.e. ITRs filed by salaried Individuals (ITR-1& 2) and by those availing the benefit of the Presumptive Taxation Scheme (ITR-4). The number of returns filed by corporate taxpayers filed up to December 2018 has also increased by 25% to 8.7 lakh returns as compared to 6.9 lakh returns filed during corresponding period of last year.

10.3 Efforts to combat the menace of black money:

10.3.1 Search & Seizure and Survey: Statistics on search & seizure and surveys conducted in the last 3 years and the current year, along with preliminary outcome thereof are as under:

Search and seizure:

Financial Year	Number of groups searched	Total assets seized (In Rs. crore)	Undisclosed income admitted u/s 132(4) of the Income-tax Act, 1961 [in Rs. crore]
2015-16	447	712.32	11226
2016-17	1152	1469.62	15496
2017-18	582	992.52	15914
2018-19 (upto November, 2018)*	537	909.39	11348

* Figures are provisional



**Surveys:**

Financial Year	No. of surveys conducted	Undisclosed income detected (in Rs. crore)
2015-16	4428	9699
2016-17	12520	13689
2017-18	13487	9633
2018-19 (up to November, 2018)	4900	4657

10.3.2 Prosecution: Relevant statistics for prosecution for last 3 years and up to August, 2018, is as follows:

Financial Year	No. of cases in which prosecution complaints filed in court	No. of cases in which applications received for compounding of offence	Cases compounded	No. of persons convicted	Total of cases of prosecution complaints and compounding applications received (2+3)
1	2	3	4	5	6
2015-16	552	1089	1019	28	1641
2016-17	1252	1920	1208	16	3172
2017-18	4527	2840	1621	68	7367
2018-19 (up to Nov., 2018)	1437	1377	1309	26	2814

10.3.3 Investigation into foreign assets cases:**10.3.3.1 HSBC cases (as on 31/10/2018):**

As a result of systematic investigations, despite several constraints including non-sharing of critical information by the Swiss competent authority undisclosed income of about Rs.8465 crore has been brought to tax on account of deposits made in unreported foreign bank accounts. Tax demand of about Rs.5452 crore has been raised. Concealment penalty of about Rs.1291 crore has been levied in 172 cases. So far, 204 prosecution complaints have been filed in 89 cases.

10.3.3.2 ICIJ cases (as on 31/10/2018):

Sustained investigations conducted in these cases have led to detection of more than Rs.11,010 crore of credits in the undisclosed foreign accounts so far. 93 prosecution complaints in 52 such cases have already been filed before criminal courts. Investigations in other cases are in progress.

10.3.3.3 Panama Paper Leaks cases (updated up to 30.11.2018):

The Panama papers contained details of 426 persons. Investigations have revealed that out of 426 cases, 355 cases are found non-actionable and 71 cases as actionable.





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Actions taken include the following:

- Search & Seizure conducted in 56 cases and Surveys in 12 cases.
- Criminal Prosecution complaints have been filed in 19 cases
- Notices under section 10 of the Black Money Act are issued in 46 cases.
- Undisclosed foreign investments detected amount to Rs. 1543 Crores (approx).

10.3.3.4 Paradise Paper Leaks cases (updated up to 30.11.2018)

Investigations have revealed that out of 494 cases, 284 are non-actionable as per domestic inquiries conducted so far. Actions taken include the following:

- 20 cases in which search and seizure action has been conducted.
- 32 cases in which notice under Black Money Act, 2015 has been issued.
- 1 case prosecution has been initiated u/s 276C of the Income tax Act, 1961
- Rs.15.82 crores (approx) is amount of Undisclosed credits detected.

10.3.4 Action Against Benami Transactions

With a view to bridge the gaps and put in place appropriate effective legislation, the existing Act was amended through Benami Transactions (Prohibition) Amendment Act, 2016, and came into force w.e.f. 1st November 2016. CBDT has set up 24 Benami Prohibition Units across India for taking effective action under the Benami Act.

The Income-tax Department has (till 30.11.2018) identified 2000 benami transactions. These include deposits in bank accounts, plots of land, flat and jewellery. Provisional attachment of properties under the Act has been done in 1777 cases. The value of properties under attachment is more than Rs. 6588 crore.

10.3.5 Benami Transactions Informants Reward Scheme, 2018

With the objective of obtaining people's participation in the Income Tax Department's efforts to unearth black money and to reduce tax evasion, a new reward scheme titled "Benami Transactions Informants Reward Scheme, 2018", has been issued by the Income Tax Department. A reward up to Rs. 1 crore may be granted under the scheme for providing actionable information leading to detection of benami transactions and properties.

10.3.6 Legislative Changes

10.3.6.1 Relief for Salaried Taxpayers

In order to provide relief to salaried taxpayers and promote horizontal equity in personal income-tax, standard deduction of up to Rs. 40,000 or the amount of salary received, whichever is less, was allowed vide Finance Act, 2018.

10.3.6.2 Changes in Corporate Income-tax Rates

In continuation of the efforts to make MSME companies more competitive as compared to large companies and also to encourage firms to migrate to company format, tax rate for smaller companies with annual turnover up to Rs. 250 crore in Financial Year 2016-17 has been reduced to 25%. Percentage-wise, this will benefit 99% of companies in this category.

10.3.6.3 Relief for Senior Citizens

In order to provide relief to senior citizens, the following incentives have been provided:

- (i) The limit of deduction for health insurance premium and/or medical expenditure has been increased from Rs. 30,000/- to Rs. 50,000/-;





- (ii) The limit of deduction for medical expenditure in respect of certain critical illnesses has been increased from Rs. 60,000/- and Rs. 80,000/- in the case of senior citizens (of the age of 60 years or more) and very senior citizens (of the age of 80 years or more) respectively, to Rs. 1,00,000/- in the case of all senior citizens;
- (iii) A deduction of Rs. 50,000/- has been provided to senior citizens on interest income from deposits with banks, co-operative societies and post offices;
- (iv) The threshold limit for TDS on interest income for senior citizens has been increased from Rs. 10,000/- to Rs. 50,000/-;
- (v) Standard deduction of up to Rs. 40,000/- has been provided to senior citizens having pension income.

10.3.6.4 Measures to promote start-ups

In order to encourage employment generation and innovation, the scope of the deduction of 100% of the profits and gains, available under section 80-IAC of the Income-tax Act, 1961 ('the Income-tax Act') to an eligible start-up from a business involving innovation development, deployment or commercialization of new products, processes or services driven by technology or intellectual property was widened to include start-ups engaged in innovation, development or improvement of products or processes or services, or a scalable business model with a high potential of employment generation or wealth creation.

10.3.6.5 Incentive for employment generation

In order to further boost employment generation, the benefit of deduction of 30% under section 80JJAA of the Act on employment of a new employee has been extended to footwear and leather industry.

10.3.6.6 Towards a "less cash" economy

In order to encourage a less cash economy and to reduce the generation and circulation of black money, cash expenses allowable to charitable or religious trusts or institutions, in respect of payment or aggregate of payments made to a person in a day, were restricted to Rs. 10,000/-.

10.3.6.7 New regime for taxation of long-term capital gains

In order to minimize economic distortions and curb erosion of tax base, long term capital gains in excess of Rs. 1,00,000/- arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust have been taxed at 10%. This tax is also applicable on Foreign Institutional Investors (FIIs).

10.3.7 International taxation policy matters

10.3.7.1 Double Taxation Avoidance Agreements (DTAAs)

DTAAs of India with China and Kuwait have been amended and the DTAA with Kazakhstan has been entered into force during 2018. Moreover, new DTAAs have been signed with Hong Kong and Iran.

10.3.7.2 Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)

The Hon'ble Finance Minister signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) at Paris on 7.6.2017 on behalf of India. More than 65 countries, including India, signed the Convention in Paris on 7.6.2017. As of now, 81 countries have signed the MLI. Under MLI, India has notified all its 93 treaties as Covered Tax Agreements (CTAs).

On 1st July, 2018, the Multilateral Convention (MLI) came into force. This Convention will modify India's treaties in order to curb revenue loss through treaty abuse and base erosion and profit shifting strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out and where value is created.





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10.3.8 E-governance activities

The computerization programme of CBDT is aimed to establish a taxpayer friendly regime, increase the tax-base, detect tax evasion, modernize business processes, improve supervision and generate more revenue for the Government. The endeavour is to promote voluntary compliance by taxpayers and create a non-intrusive and non-adversarial tax administration. The following are the highlights of activities during 2018:

10.3.8.1 PAN

(i) Permanent Account Number (PAN)

PAN database has shown steady growth in tune with economic progress. The progressive number of PANs allotted up to December, 2018 (cumulative) is 42.63 crore. During the calendar year 2018 more than 4.7 crore PANs have been allotted.

The Income-tax Act permits one person to have only one PAN. To avoid issuance of duplicate PAN, the PAN database is being seeded with Aadhaar number for individuals and Company Identification Number (CIN) for corporate entities. Almost 23 crore PANs have already been seeded with PAN.

(ii) Instant e-PAN Allotment (POC):

CBDT, ESIC, EPFO, DIPP and DGFT services, CBDT has tied up with Ministry of Corporate Affairs (MCA) to issue Permanent Account Number (PAN) and Tax Deduction Account Number (TAN) in one day through common application form in a average turnaround time (TAT) of four hours. Consequently, Certificate of Incorporation (COI) is issued to a company by MCA after printing of PAN on it, in addition to Corporate Identity Number (CIN).

A system to allot PAN to all applicant within 4 hours by acquiring the e-KYC data (with applicant's consent) from Aadhaar through online integration in a cyber-secure environment has been developed in 2018 and will be rolled out shortly. 62,192 e-PANs were allotted during a short trial period during July, 2018.

(iii) Issue of Digitally Signed e-PAN Card

Digitally signed e-PAN card is sent on email id provided in PAN application form immediately after allotment of PAN or confirmation of changes in PAN data by the Income-tax department. A total no. of 2,11,78,837 e-PAN cards have been issued during the period from 01/04/2018 to 31/07/2018.

10.3.8.2 Project Insight

Under Project Insight partially implemented during 2018, an integrated data warehousing and business intelligence platform is being rolled out in phased manner 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. The current status of implementation is as under:

- (i) A State-of-the-Art Data warehouse has been implemented under Project Insight with end-of-day integration of key projects/data sources of Income Tax Department. The new platform is being used for identifying high risk non-filers, selection of cases for scrutiny and processing of information received under Automatic Exchange of Information (AEOI), FATCA etc.
- (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.
- (iii) A dedicated compliance portal (<https://compliance.insight.gov.in>) has been rolled out to capture response on compliance issues in a structured manner for effective compliance monitoring and evaluation. Compliance Management Central Processing Centre (CMCPC) has also been operationalized for leveraging campaign management approach (consisting of emails, SMS, reminders, outbound calls, letters) to support voluntary compliance and resolution of compliance issues.

The roll-out of Insight system is expected to be completed by 2019.



10.8.3.3 ITBA Project

Income Tax Business Application or ITBA started in 2013 has been fully implemented with the objective to enable all internal business processes so that officers and staff are able to increase their efficiency by bringing information and work at a single place for decisions making and reduce drudgery in reporting, correspondence and internal approvals. Scope of the project broadly covers the following areas:

- i. Development of Software for all processes of department
- ii. Maintenance of old application till development of new application.
- iii. Migration of old data to new application
- iv. Development of Interfaces with UTI/NSDL/CPC Bengaluru/CPC TDS/ Refund Banker
- v. Development of New Data Centre with advanced IT infrastructure for the application.
- vi. Development of Technology Training Centre.
- vii. Training of 20,000 employees and setting up of training infrastructure for training on an ongoing basis
- viii. Development of HRMS module.
- ix. Creation of Technology Help Desk and hand-holding support in the field at key locations
- x. Name based E. Mail ID for all Income Tax Employees and designation based e. mail ID for all officers positions is also been created.

10.8.3.4. e-Nivaran: -

e-Nivaran which is the online grievance redressal system of the Income Tax Department became fully functional during 2018. 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, where 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. Grievances relating to CPC-ITR, CPC-TDS and E- Filing Portals

10.3.9 Reduction of litigation:

- (i) CBDT has substantially increased the monetary thresholds for filing appeals before ITAT, High Court and the Supreme Court as follows:

Appellate Forum	Old Threshold	Revised Threshold
ITAT	Rs. 10 lakh	Rs. 20 lakh
High Court	Rs. 20 lakh	Rs. 50 lakh
Supreme Court	Rs. 25 lakh	Rs. 1 crore

Appeals below the revised thresholds shall not be filed henceforth and pending appeals having tax effect below the revised thresholds are being withdrawn.

- (ii) 245 Advance Pricing Agreements (APAs) have been signed by CBDT till December, 2018 to avoid disputes relating to transfer pricing and international taxation.





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11. Central Economic Intelligence Bureau (CEIB)

(i) The COFEPOSA section of the Central Economic Intelligence Bureau deals in the COFEPOSA Act, 1974 under which 41 Detention Orders have been issued based on the proposals received from various sponsoring agencies i.e. DRI, Customs and ED. Out of these 41 Detention Orders issued, 28 Detention Orders have been executed i.e. persons detained. The cases of the executed persons were referred to the Advisory Board under Section 8(b) of the COFEPOSA Act, 1974 and the same were heard by the Board in 23 meeting held at various places in India. Thereafter 40 representations by or on behalf of detainees addressed to Detaining Authority and Government of India have been disposed of after due consideration by the Competent Authority.

Further, 25 Writ Petitions have been filed by the detainees in various High Courts of India. These petitions have been dealt with and Counter Affidavits have been filed in these petitions and accordingly 15 petitions have been disposed of by the Hon'ble Courts. Also 11 Special Leave Petitions in Hon'ble Supreme Court of India against the Orders of Various High Courts have been dealt with by the COFEPOSA Section of CEIB.

(ii) National Economic Offence Records (NEOR): For seamless flow of offence details/ information to/from CEIB and to make a more comprehensive database, NEOR – a web-based application with capability to reach the grass-root level offices, is being developed by the Bureau. In the proposed NEOR, both quality of data and efficiency of building the database of economic offenders would become better as the entry of case details can be ensured as per the stages of the Information Sharing Protocol and weeding out the possibilities of the manual error while data entry which will be done at the field formation level. Further, NEOR is proposed to have two-way access to the filed formations of the agencies as they can enter the data generated by them and simultaneously have access to the data fed by them or by the other agencies, if needed during investigations. Presently, System Requirement Specifications (SRS) for the project is under process with NIC.

(iii) Integration of Secured Information Exchange Network (SIEN) and Multi Agency Coordination (MAC-IB): SIEN is available in Delhi only and further expansion of the same is not found to be feasible in the wake of heavy expenses that needs to be incurred. Besides, MAC, a Network available across the nation has all the agencies of SIEN connected except CEIB, SFIO and DGGI. Therefore, the idea of integration of SIEN with MAC was mooted in a meeting amongst NSA (Chair), NTRO, DIB and NCSC (National Cyber Security Coordinator) held on 27.07.18. During a further meeting dated 10.09.2018, a working group consisting of the officers from the CEIB, IB and NTRO was formed to work out the actual plan to integrate the SIEN with MAC to meet the needs and requirements of all the stakeholders. The Group is yet to meet. IB has been requested to include CEIB in MAC during the meeting held on 17.12.2018.

(iv) Global Entry Program (GEP): GEP is a US Customs and Border Protection (CBP) program for expedited clearance of travellers arriving at US airports which has been operationalised with effect from 03.07.2017 consequent to the Indo-US MoU signed on 03.06.2016. Before granting GEP membership to any applicant, United States seeks cooperation from Indian side in background check of the applicant and the MOU in this regard emphasizes the need for vetting process.

(v) For expedited clearances of GEP applications, an online GEP clearance cloud-based system has been developed by NIC with Virtual Private Network (VPN), OTP (One Time Password) and digital signature enabled inputs for verification of credentials of applicants from Member Agencies. The highlight of the system is its ability to reach even a small formation anywhere in India and it has been expanded to Zonal offices of NCB. Expansion to zonal / regional offices of other agencies is under consideration. The system provides an online, interactive powerful communication platform and alerts can be passed to sub offices of several Member Agencies. Accordingly, besides vetting the GEP applications, the system is further being developed to be used as medium for secured exchange of information in a quick and robust manner. As on 08.01.2018, total registered GEP applications on the online system are 8256 out of which CEIB has processed 5992 nos. (5883 as Clear and 9 as Not clear) of applications and report has been furnished to MEA.

(vi) Report on Bank Requests: As per DFS circular dated 13.05.2015, Banks are mandated to seek report on prospective borrowers/NPA accounts having exposure of above Rs 50Cr from CEIB. During the year 2018-19 CEIB provided report with respect to 1364 NPA accounts and 745 prospective borrower cases.

- Ø The meeting of Working Group on Intelligence Apparatus pertaining to EIC under the Chairmanship of Hon'ble Finance Secretary was organized by the Bureau on 06.03.2018.
- Ø The meeting of Economic Intelligence Council under the Chairmanship of Hon'ble FM, was organized by the Bureau on 15.11.2018.





- Ø Annual Conference of REIC Conveners' was successfully organized by the Bureau on 24.04.2018.
- Ø Information sharing Protocol (ISP) for mandatory and timely sharing of information by the LEAs with CEIB has been devised by the Bureau. The same has been implemented successfully, in compliance to the decision taken in the WGIA held on 06.03.2018. Consequently, 15 member agencies of WGIA/EIC viz. DRI, DGGSTI, CBDT, CBIC, SFIO, CBI, ED, NIA, NCB, EOW State Police (includes 35 DsGP of all the states & UTs), RBI, all Public Sector Banks & other public financial institutions, FIU-IND, SEBI & DGFT are mandated to share the information timely with CEIB.
- Ø CEIB was notified under Section 138(1)(a)(ii) of the Income Tax Act, 1961. (Notification number 34/2018 issued vide F.No. 225/245/2018-ITA-II dated 25.07.2018 for ensuring receipt tax data from CBDT.
- Ø Performance of all 30 REICs was reviewed from time to time and the shortfalls, if anywhere communicated to the REIC concerned.
- Ø Consequent to the restructuring that took place in CBDT, CBIC and other state authorities, the Designated Members of all REICs were reviewed and re-designated accordingly.
- Ø The Bureau coordinated 7 Training programs and trained 227 officers successfully.
- Ø 430 complaints received in the Bureau from various LEAs/individuals were properly analyzed and disposed.
- Ø The details regarding 812 cases received from various LEAs under ISP got entered in NEIN. This includes 504 cases from SEBI, 34 cases from CBDT, 274 cases from SFIO.
- Ø The details regarding 916 cases received from various REICs have been entered in NEIN.
- Ø 278 REIC minutes received from 30 REICs were entered in REIC Database maintained in CEIB.

12. Financial Intelligence Unit, India (FIU-IND)

Financial Intelligence Unit-India (FIU-IND) has been set up by the Government of India vide Ministry of Finance, Department of Revenue Office Memorandum dated 18th November 2004 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.

12.1 Primary Activities of FIU IND

- 12.1.1 **Collection of Information:** **Act as the central reception point for receiving Cash Transaction reports (CTRs), Cross Border Wire Transfer Reports (CBWTRs), Non-Profit organization Transaction Reports (NTRs), Counterfeit Currency Reports (CCRs) Reports on Purchase or Sale of Immovable Property (IPRs) and Suspicious Transaction Reports (STRs) from various reporting entities.**
- 12.1.2 **Analysis of Information:** Analyse received information in order to uncover patterns of transactions suggesting suspicion of money laundering and related crimes.
- 12.1.3 **Sharing of Information:** Share information with national intelligence/law enforcement agencies, national regulatory authorities and foreign Financial Intelligence Units. FIU-IND is a member of Egmont Group (which has a membership of 156 countries) since May 2007 and uses this network to get information on the requests received from various law enforcement agencies. Apart from this, FIU India has signed bilateral MOU with 38 FIUs of other countries.
- 12.1.4 **Act as Central Repository:** Establish and maintain national data base on cash transactions and suspicious transactions on the basis of reports received from reporting entities.
- 12.1.5 **Coordination:** Coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.
- 12.1.6 **Research and Analysis:** Monitor and identify strategic key areas on money laundering trends, typologies and developments.





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12.2 Efforts made by FIU-IND to combat money laundering:

FIU-IND has taken several measures to contain money laundering and to prevent involvement of banks and other financial institutions in such activities including-

- Ø Sustained training and outreach programmes organized for the banks and financial institutions to make them aware of their obligations under the PMLA including obligations to maintain record, verify the identity of client and file prescribed reports to FIU-IND. This has resulted in much stricter compliance of know your customer (KYC) norms by the banks and financial institutions and significant growth in the number of Suspicious Transaction Reports and Cash Transaction Reports being filed with FIU-IND.
- Ø Implementation of a compliance and sanctions regime under which banks and financial institutions found in non-compliance of their statutory obligations towards FIU are subjected to appropriate sanctions.
- Ø Implementation of 'Project FINnet', which is an information-technology enabled platform providing end-to-end solution for filing of statutory reports, analysis of the information received and dissemination of the information to various intelligence and law enforcement agencies. This has tremendously enhanced FIU's capacity to handle financial information and provided operational convenience to the agencies using the information.
- Ø Expansion in regional and global co-operation for enhanced exchange of information with counterpart FIUs in other countries so as to provide critical intelligence input to the domestic intelligence and law enforcement agencies.

12.3 While defraying its functions some of the major activities undertaken during are listed hereunder:

12.3.1 Onboarding and Issuance of Guidelines

- i. During the year various Red Flag Indicators and Guidelines for filing STRs were issued/revised for different sectors viz Shell Companies; transactions related to finance components of Afghan drug trade business, Commodity brokers etc.
- ii. Multi State Co-operative Societies were notified as Reporting Entities under PMLA. Foreign Portfolio investors issuing overseas derivative instruments were on-boarded.
- iii. Proposal for bringing gems and jewellery sector, other high value goods and Private Safe Deposit Vaults under PMLA has been submitted for consideration.
- iv. Proposal sent to DoR for notifying NTRO and vigilance bureau /anti-corruption bureaus of States under the provision of Sec. 66 of the PMLA.

12.4 Raising Awareness and Building Capacities of Reporting Entities through Review meetings and Outreach activities:

12.4.1 Outreach activities:

Officers/experts of FIU IND participated in several workshops / seminars / conferences organised by various stakeholders during the year on varied topics under PMLA for raising awareness about various provisions of PMLA. The awareness efforts included reporting obligations and responsibilities of Principal Officers / Designated Directors of reporting entities by addressing participants at outreach programmes organized by regulators, associations, individual reporting entities, industry bodies, etc. A number of interface meetings / workshops / seminars were held with Principal Officers, Designated Directors and other officials from various Reporting Entities.

12.4.2 Review meetings:

The review meetings are held with principal officers and designated directors of reporting entities to sensitize them on their roles and responsibilities under PMLA and assess the entity's performance vis-à-vis their reporting obligations.



**12.4.3 Inspections:**

On-site review of Punjab and Sind Bank and Punjab National Bank were conducted during the year. The bank's system and procedures were examined in detail with reference to AML/CFT compliances and the lacunae in the non-implementation of RFIs and alerts generation were pointed out in a detail. Reviews of various Reporting Entities were conducted during the year.

12.4.4 Train the Trainers Programme 2017-18:

Financial Intelligence Unit-India (FIU-IND) organized one day 'Train the Trainers' programme on Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) on March 28th, 2018 in Vigyan Bhawan, Maulana Azad Road, New Delhi-110 001.

Dr. Hasmukh Adhia, Finance Secretary was the Chief Guest and Shri Karnal Singh, Director delivered the valedictory address. 11 speakers from various LEA and Financial sector addressed the participants. Around 220 senior management officials from Reporting Entities including those from banks, financial institutions, stock market intermediaries attended the programme. Topical subjects relating to national and international issues on AML / CFT including KYC/BO, Cross border transfers, FATF, Counter Terror Financing, Filing of STRs etc were covered in programme.

12.5 Analysis

Apart from regular analysis of suspicious transaction reports, FIU IND conducted an analysis of the feedback reports submitted by various LEAs through offline and online modes since 2006. The aforementioned analysis helped identify the usefulness of intelligence provided to LEAs on a regular basis as well as the action taken thereon and the outcomes of various cases.

12.6 Compliance

In pursuance of the provisions of sections 12 and 13 of the Act, the Director, FIU-IND, issued show cause notices, advisories, issued directions, imposed fines during the Year 2018. During the year 2018, the Director, FIU-IND has:

- (i) issued 9 show cause notices to various reporting entities;
- (ii) granted opportunities of personal hearing to several reporting entities;
- (iii) issued letters of directions/warning/advisory to 15 co-operative banks for their failure to comply with the provisions of the PMLA and the rules thereunder;
- (iv) imposed penalty aggregating Rs. 9 crore on 1 reporting entity.

In addition to issuance of show cause notices, advisories, passing orders, etc. FIU-IND is a party in several court cases before different fora. Apart from the 16 appeals filed by FIU-IND before the Hon'ble Delhi High Court, 30 cases, viz. writ petitions, appeals, etc. were filed/pending before various High Court arraying the Director, FIU-IND as one of the respondents. Suitable steps have been taken to protect the interest of the Government in these cases.

12.7 Strengthening the IT infrastructure

FIU-IND initiated project - Financial Intelligence Network (FINnet) to support FIU-IND in its functioning by providing a robust technological backbone and set up an efficient system to aid collection, processing and dissemination of financial data. The FINnet 1.0 system, which went live in the year 2012 was developed as a result of this project. The maintenance for the same has been going on ever since. Due to the imminent expiry of the contract for the existing MSP and the regulatory and technological changes, efforts have been started to conceptualize FINnet 2.0.

Project FINnet 2.0 will involve a complete technology refresh of the existing system followed by augmentation with new components and functionalities to increase the efficiency and effectiveness of the FINnet ecosystem. As a part of the exercise to identify the functional requirements for FINnet 2.0, various stakeholder interactions and workshops have been conducted to understand the challenges faced by users while using the existing system and the expectations from FINnet 2.0. RFP was released and Pre-bid conference have been convened.





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12.8 Role of FIU-IND in Combating Financing of Terrorism (CFT)

12.8.1 Detection and reporting of suspected cases of financing of terrorism.

FIU-IND has been actively involved in, sensitizing reporting entities about their obligation to report STRs related to suspected cases of terrorist financing and also providing guidance on detection and reporting of such transactions. Specific Red flag Indicators (RFIs) have been issued for detection of Terror Financing STRs.

In addition to disseminating processed STRs related to financing of terror, FIU-IND also supports the efforts of LEAs against terror financing by providing information requested by them, on case to case basis. FIU-IND uses the Egmont network to exchange TF related information. In addition, FIU-IND also participates in the Joint Working Groups (JWGs) on Counter Terrorism set up by the Government of India with various countries. FIU-IND is a member, and attends daily meetings, of the Multi Agency Centre (MAC) set up in the Ministry of Home Affairs specifically for exchange of terror related information.

12.8.2 Collaboration with State Police Agencies

In order to combat terrorism financing, FIU-IND has taken initiative to actively collaborate with State Police forces / Central agencies. Besides providing information asked for by security agencies on suspected terror financing cases, FIU-IND is actively engaged with Central / State Police agencies on case to case basis, in terms of day-to-day queries and replies. The mechanism has contributed in countering the financial activities of criminals and anti – nationals.

12.8.3 Money Transfer Service Scheme (MTSS) and Payment Systems Operators

FIU-IND conducts analysis of STRs received from MTSS and Payment Systems Operators and disseminate them to relevant LEAs. The analysis aims to point out potential misuse for TF/ other purposes, professional money senders and receivers, and vulnerable jurisdictions for misuse of MTSS operators. Active engagement with private sector MTSS operators and continued guidance to them has resulted in reduction in response time to LEA queries, and better quality of STRs. Besides, Strategic analysis was conducted related to jurisdictions of interest and the results were shared with relevant LEAs. Specific typologies and loopholes in the present system were also flagged to the concerned organizations in order to make PPIs ecosystem safe. Major headway was made in respect of streamlining effective STRs from card operators / prepaid instruments (PPIs) / MTSS operators.

Guidelines on detecting suspicious transactions related to Terror Financing which were earlier issued in 2016 were reiterated in March 2018 for strict compliance. Indicators given under these were to be treated as additional RFIs for generating STRs.

12.9 Information exchange through Egmont

The Egmont Group of FIUs promotes international cooperation and exchange of information among all FIUs. The Egmont Group aims to provide a forum for FIUs to improve understanding and awareness of issues and an opportunity for enhancement of their capacities to develop intelligence to combat money laundering and terrorist financing. The membership of Egmont Group has increased to 158.

FIU-IND was admitted as member of the Egmont Group at the Bermuda Plenary session in May 2007. Since then, officers of FIU-IND have regularly participated in the Egmont Group meetings. During the year FIU-IND participated in the Egmont Working Group Meetings at Sydney (Australia) in September, 2018. FIU-IND officials have been actively participating in the meetings of Membership Support & Compliance working Group (MSCWG), Information Exchange Working Group (IEWG), Policy & Procedure Working Group (PPWG) and Technical Assistant and Training Working Group (TATWG) of the Egmont Group. Bilateral discussions were also held with the various representative(s)/HoFIU of the FIUs on the sidelines of Egmont Plenary meeting to discuss the various issues concerning information exchange and other related matters.

FIU-IND adheres to the Egmont principles on exchange of information. All requests for information are replied to, in time, including cases where no information could be found. FIU-IND received 94 requests for information and 130 spontaneous disclosures till November 2018.





The numerical abstract of Reports received during the calendar year is as hereunder:

Sl.no	Name of Report	Numbers received during the calendar year 2018
1.	CTR	13502268
2.	CCR	338003
3.	STR	1000076
4.	EFT	7445285
5.	NTR	896574

- Number of STRs disseminated during 2018: 79854
- A total of 1705 references were received from domestic agencies (as per **Annexure-VIII**) and around 1300 have been responded to during the calendar year.

13. National Committee for Promotion of Social and Economic Welfare

13.1 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 35AC 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.

13.2 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.

13.3 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 upto 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 35 AC was available after 31.3.2017 (F.Y.).

13.4 In view of the above, the 9th National Committee for Promotion of Social and Economic Welfare was reconstituted and subsequently notified vide S.O. 5160(E) dated 5th October, 2018 for a period upto 31st March, 2019. The composition of the Committee is as follows: -

S.No.	Name of the Committee Members	Designation	Place
1.	Justice 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. Fakhri	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

13.5 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.




ANNEXURE-I
(FERA & FEMA)
STATISTICAL DATA FROM JAN, 2018 TO NOV, 2018

A	Searches & Seizures	FEMA			
1.	Searches Conducted	127			
2.	FE seized (Rs. in Lakhs)	427.42			
3.	IC seized (Rs. in Lakhs)	1003.37			
B	Investigation	FEMA			
1.	Initiated	2511			
2.	Disposed	2212			
3.	Pending	6613			
4.	SCNs issued	762			
C	Adjudication	FERA		FEMA	TOTAL
1.	Cases Adjudicated	60	+	618	678
2.	Cases pending Adjudication	113	+	1042	1155
3.	Confiscation of Foreign Exchange (Rs. in Lakhs)	0	+	90.63	90.63
4.	Confiscation of Indian Currency (Rs. in Lakhs)	0	+	623.16	623.16
D	Penalties	FERA		FEMA	TOTAL
1.	Imposed (Rs. in Lakhs)	135.17	+	42914.34	43049.51
2.	Realized (Rs. in Lakhs)	204.82	+	1630.1	1834.92
3.	Pending for realization (Rs. in Lakhs)	937729	+	287271	1225000
E	COFEPOSA	FERA		FEMA	TOTAL
1.	Orders issued	0	+	4	4
2.	Detained	0	+	3	3
F	Prosecutions	FERA u/s 56		FERA u/s 57	TOTAL
1.	Disposal	28	+	207	235
i)	Conviction	13	+	1	14
ii)	Acquittal	6	+	0	6
iii)	Discharge	9	+	187	196
iv)	Withdrawn	0	+	1	1
v)	Otherwise disposed off	0	+	18	18
vi)	Cases reduced	0	+	0	0
2.	Pending	1168	+	710	1878





Department of Revenue III

ANNEXURE-II (PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2018 TO NOV, 2018

S. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	137
2.	No. of Provisional Attachment Orders (PAO) issued	181
3.	Value of properties under attachment (in Lacs of Rupees)	1505855.97
4.	No. of PAOs confirmed	170
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees) during the period	626205.97
6.	No. of Appeals before Tribunal	
	a) Filed by the party	297
	b) Filed by the Directorate	11
	Total	308
7.	No. of persons arrested	29
8.	No. of cases in which Prosecution Complaints filed.	178

ANNEXURE-III (FERA & FEMA)

STATISTICAL DATA FROM JAN., 2017 TO NOVEMBER, 2017

A	Searches & Seizures	FEMA			
1.	Searches Conducted	110			
2.	FE seized (Rs. in Lakhs)	547.41			
3.	IC seized (Rs. in Lakhs)	753.49			
B	Investigation	FEMA			
1.	Initiated	3693			
2.	Disposed	1709			
3.	Pending	6798			
4.	SCNs issued	622			
C	Adjudication	FERA		FEMA	TOTAL
1.	Cases Adjudicated	38	+	1022	1060
2.	Cases pending Adjudication	395	+	1121	1516
3.	Confiscation of Foreign Exchange (Rs. in Lakhs)	0.18	+	221.71	221.89
4.	Confiscation of Indian Currency (Rs. in Lakhs)	34.6	+	553.04	587.64
D	Penalties	FERA	+	FEMA	TOTAL
1.	Imposed (Rs. in Lakhs)	1306.94	+	5082.6	6389.54
2.	Realized (Rs. in Lakhs)	207.63	+	1018.29	1225.92
3.	Pending for realization (Rs. in Lakhs)	866406.87	+	186665.55	1053072.42
E	COFEPOSA	FERA	+	FEMA	TOTAL
1.	Orders issued	0	+	0	0
2.	Detained	0	+	0	0
F	Prosecutions	FERA			TOTAL
1.	Disposal	59			59
i)	Conviction	19			19
ii)	Acquittal	10			10
iii)	Discharge	15			15
iv)	Withdrawn	0			0
v)	Otherwise disposed off	15			15
vi)	Cases reduced	0			0
2.	Pending	2314			2314




ANNEXURE-IV
(PMLA)
STATISTICAL DATA OF PMLA CASES FROM JAN, 2017 TO NOV, 2017

S. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	154
2.	No. of Provisional Attachment Orders (PAO) issued	177
3.	Value of properties under attachment (in Lacs of Rupees)	505698.59
4.	No. of PAOs confirmed	165
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	1033291.45
6.	No. of Appeals before Tribunal	
	a) Filed by the party	275
	b) Filed by the Directorate	10
	Total	285
7.	No. of persons arrested	40
8.	No. of cases in which Prosecution Complaints filed.	92





REPRESENTATION OF THE PERSONS WITH DISABILITIES AS ON 30.11.2018

Groups	Number of Employees (As on 30.11.2018)				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		
Group A	328	--	--	--	--	--	01	00	--	--	--	--	--	--	70	--	--	--		
Group B	445	--	--	--	--	--	01	110	--	--	--	--	--	--	84	--	--	--		
Group C	248	--	--	03	--	--	04	15	--	--	--	--	--	--	14	--	--	--		
Group D	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
TOTAL	1021	--	--	03	--	--	06	125	--	--	--	---	--	--	168	--	--	--		





REPRESENTATION OF SCs, STs AND OBCs AS ON 30.11.2018

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	328	24	06	17	00	00	00	00	70	11	04	--	--	--
Group B	445	88	33	84	110	14	09	20	84	09	04	--	--	--
Group C	248	47	06	49	15	03	02	08	14	00	01	--	--	--
Group D (including	--	--	--	--	--	--	--	--	--	--	--	--	--	--
TOTAL	1021	159	45	150	125	17	11	28	168	20	09	--	--	--





OTHER INITIATIVES IN DIRECTORATE OF ENFORCEMENT

1. **Swachch Bharat Abhiyan** launched by our Hon'ble Prime Minister on 2nd October, 2014 is being vigorously followed by this Directorate. On 2nd October, a pledge ceremony was organized across all offices of 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.
2. The **Biometric Attendance System** has also been installed in various offices of this Directorate including the Headquarters where it was installed during October, 2014. The same is being continuously monitored for any aberrations from defined inputs/complaints have been lodged in the software and rules and regulations by employees.
3. A **Vigilance Awareness Week** was also organized by the Directorate during 29th October to 3rd November, 2018 to create awareness among staff to check corruption at every level so that a corruption free society could be attained.
4. **International Day of Yoga** was celebrated on 21st June, 2018 by all the offices of this Directorate. All the officers / officials of the Directorate participated with enthusiasm and zeal.
5. **MoU** signed by **Directorate of Enforcement** and **Gujarat Forensic Science University (GFSU)** to deliver technical cooperation between the two agencies. GFSU being the prime Forensic Lab in the country will provide support with regard to technical and procedural aspects of Cyber Labs. They will undertake capacity building exercises at Directorate and will also help us to get 79 A Certification.
6. A **server of NATGRID** has been installed in Head Quarters office which will facilitate all requests to various agencies at online platform itself. The project is still at preliminary stage and server installed at Head Quarter office is to get a "hands on" the server/software installed by NATGRID officials.





Reference Received from Domestic Agencies during the year 2018

Sl. No.	Agencies Names	Total References Received
1	IB	818
2	EOW-Punjab	117
3	EOW-Delhi	99
4	NIA	52
5	EOW-WB	22
6	NCB	21
7	EOW-AP	16
8	Defence (Army) Counter Intelligence Unit	13
9	EOW-Goa	12
10	EOW-Odisha	8
11	R&AW	7
12	EOW-Gujrat	6
13	NTRO	6
14	EOW-Maharashtra	6
15	EOW-J&K	5
16	EOW-Rajasthan	4
17	EOW-Jharkhand	3
18	EOW-Tripura	3
19	EOW-Bihar	3
20	EOW-Assam	3
21	EOW-Telangana	3
22	MEA	2
23	EOW-UP	1
24	Multi Agency Centre (MAC)	1
25	MHA	1
26	CBI	85
27	CBDT	86
28	ED	87
29	CBEC	126
30	DRI	31
31	MCA	4
32	CEIB	23
33	SFIO	3
34	CVC	3
35	DGGSTI	3
36	State Trade & Taxes Department	12
37	MIA	5
38	Others	5
	Total	1705



Department of Investment and Public Asset Management

1. Mandate of the Department of Investment & Public Asset Management (DIPAM)

1.1 The mandate of the Department of Investment & Public Asset Management (DIPAM), inter-alia, includes management of Government's equity shareholding in Central Public Sector Enterprises (CPSEs) including sale of Government equity, matters relating to capital restructuring, bonus, dividends and other related issues.

2. Performance of DIPAM during the last 5 years upto December, 2018

2.1 Through a variety of measures including listing of unlisted CPSEs, Offer for Sale (OFS) mechanism, new launches & Further Fund Offers (FFOs) of Exchange Traded Funds (ETFs), focused approach on buyback of shares, consolidation of CPSEs and strategic disinvestment of CPSEs/units/subsidiaries, the department could collect a total amount of over Rs. 2,28,792 crore during 2014-19. In comparison, during the preceding 5 years (2009-14), the total amount raised from disinvestments was Rs. 99,367 crore. During the last 5 years upto December 2018, as many as 87 disinvestment related transactions have taken place as compared to only 33 transactions during the preceding five years, i.e. 2009-14.

3. Current Policy

3.1 The present disinvestment policy, inter-alia, envisages:

- (i) Disinvestment through minority stake sale in listed CPSEs to achieve minimum public shareholding norms of 25%. While pursuing disinvestment of CPSEs, the Government will retain majority shareholding, i.e. at least 51% and management control of the Public Sector Undertakings.
- (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.

4. Achievements of DIPAM in the Calendar year 2018

4.1 IPOs

- (i) A number of IPOs were launched fetching Rs. 6708.56 crore and such CPSEs got listed in the current calendar year (BDL, HAL, MIDHANI, RITES, IRCON and GRSE).

4.2 Buyback

- (i) Buyback in a number of companies were completed including SJVN Ltd., Antrix Corp. Ltd., BEL, MOIL, KIOCL, NALCO, NLC and CSL. Total amount raised Rs. 2739.12 crore.

4.3 OFS

- (i) The OFS of NMDC Ltd. and Coal India Ltd. were successfully completed fetching Rs. 1,223.13 crore and 5235 crore, respectively.

4.4 Strategic Disinvestment

- (i) ONGC-HPCL deal was completed during the year fetching Rs. 36,915 crore.
- (ii) The strategic disinvestment of HSCC (India) Ltd. has been completed with the signing of the SPA between Ministry of Health & Family Welfare and NBCC (India). Rs. 285 crore was received from this transaction.





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4.5 Exchange Traded Funds (ETF)

- (i) The ETF has proved to be the most potent instrument for attracting investor interest. Both the Bharat-22 ETF FFO in June 2018 and CPSE-ETF FFO-3 in November 2018 were hugely successful.
- (ii) While the Bharat-22 ETF FFO fetched Rs. 8325 crore, the FFO 3 of CPSE-ETF has fetched Rs. 17000 crore which is the biggest transaction through ETF.

4.6 Disinvestment receipts for the calendar year 2018

Sl. No.	Name of CPSEs	Method of Disinvestment	Receipts (in Rs. Crore)
1.	NBCC Ltd.	Employees' OFS	29.96
2.	NMDC	OFS	1223.13
3.	HPCL-ONGC	Strategic	36915.00
4.	SJVN Ltd.	Buyback	558.68
5.	Antrix Corp. Ltd.	Buyback	238.92
6.	Bharat Electronics Ltd	Buyback	217.76
7.	MOIL	Buyback	130.85
8.	BDL	IPO	950.35
9.	HAL	IPO	4054.66
10.	MIDHANI	IPO	434.14
11.	BITES	IPO	460.51
12.	Bharat 22 ETF	FFO	8325.26
13.	IRCON International Ltd.	IPO	466.00
14.	GRSE	IPO	342.90
15.	Coal India Ltd.	OFS	5218.30
16.	KIOCL	Buyback	205.34
17.	HSCC	Strategic	285.00
18.	NALCO	Buyback	260.41
19.	CPSE-ETF	FFO 3	17000.00
20.	NLC	Buyback	989.86
21.	Coal India Ltd.	Employees OFS	17.33
22.	Cochin Shipyard Limited	Buyback	137.30
	Total		78461.66

5. New Initiatives of DIPAM during 2018

a) Debt ETF

5.1 Following an announcement in the Budget Speech of Finance Minister in February 2018, DIPAM is in the process of creating a Debt-ETF to enable CPSEs to access the debt/ bond market to partially meet the CAPEX needs by leveraging their aggregate strength. CPSE Debt-ETF will be created by including eligible CPSEs in the index.

b) Monetisation of Public Sector Assets

5.2 The government has started the process of monetisation of identified non-core assets of CPSEs undergoing strategic disinvestment. A comprehensive policy and framework for asset monetization for public sector entities shall be put into operation to unlock and realize the value of assets held by such entities. Asset monetization will enable the CPSEs to improve their balance sheet and reduce their debts.

c) Sale of Enemy Property Shares

5.3 Recently, the Union Cabinet has given "in-principle" approval for sale of enemy property shares under the Custodian of Enemy Property of India. The decision will lead to monetization of enemy shares that had been lying dormant for decades since coming into force and the Enemy Property Act in 1968. DIPAM will implement this decision and proceeds will be credited under disinvestment.



Chapter - V

Department of Financial Services

Building upon the steps initiated in 2017, the Department of Financial Services (DFS) continued its momentum in terms of major interventions in the Banking, Insurance and Pension Sectors in the country in 2018.

In the Banking Sector its comprehensive approach of recognition, resolution, recapitalisation and reforms was supplemented through significant uptake in recovery of bad loans, de-risking of balance sheets of Public Sector Banks and tangible progress towards merger of three Public Sector banks. The thrust on comprehensive financial inclusion continued with significant lending through Mudra Loans, Social Security Schemes of PMBSY and PMJJBY, old age security through Pradhan Mantri Vaya Vandana Yojana (PMVVY), increase in digital transactions and a National Mission on Financial Inclusion. A reform agenda for the Insurance Sector, major changes to the New Pension Scheme (NPS), along with legislation on changes to the Negotiable Instrument Act, Chit Fund Act and Banning of Unregulated Deposit Schemes were other notable achievements in the year gone by.

I. Recapitalisation of PSBs

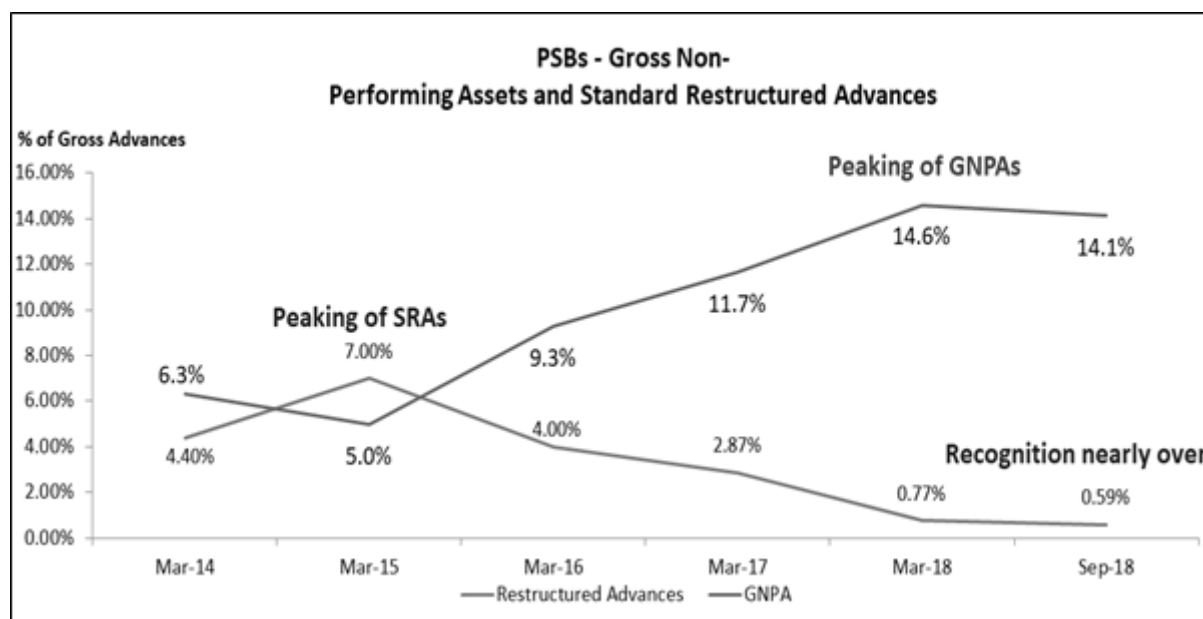
Additional recapitalisation outlay of Rs. 41,000 cr. for PSBs in 2018 makes recapitalisation in PSBs since commencement of clean-up in 2015-16 to be over Rs. 3,00,000 crore. Infusion of over Rs. 83,000 crore in the coming few months in Public Sector Banks (PSBs) to cement India's position as fastest growing economy in the world.

Due to transparent recognition of NPAs, capital adequacy of PSBs reduced to the extent that in certain cases Banks were unable to meet even coupon payment requirements. Default in certain cases was looming large on the horizon. RBI also raised serious financial security concerns. The unprecedented capitalisation programme for PSBs amounting to Rs. 3.00 lakh crore is through a combination of recap bonds, budgetary support and market raising.

II. Comprehensive 4R's Approach

The results of Government's comprehensive 4R's approach to strengthen PSBs and foster a culture of clean and responsible banking are now visible:

Recognition of restructured standard assets as NPAs initiated with Asset Quality Review in 2015 and with discontinuation of restructuring schemes, the recognition exercise is nearly over with such assets declining from the peak of 7.0% in March 2015 to 0.59% as of September 2018.





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Resolution process has been strengthened by changing the creditor-debtor relationship through the Insolvency and Bankruptcy Code and debarment of wilful defaulters and connected persons, which has resulted in record recovery this year.

Recapitalisation, under which, total mobilisation of capital in PSBs since commencement of clean-up in 2015-16 to be over Rs. 3,00,000 crore.

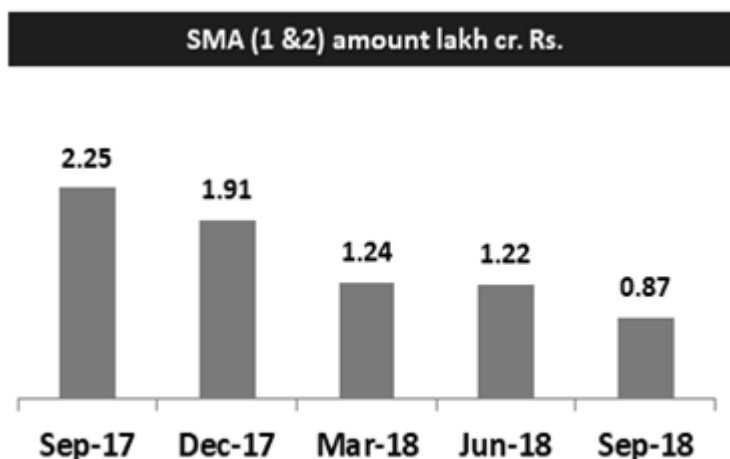
Reforms have accompanied recapitalisation in the form of a comprehensive PSB Reforms Agenda that addresses the root causes of poor asset quality and commits banks to clean lending and rolling out of next-generation banking services by leveraging benefits of technology and formalisation of the economy.

Through 4R's, the banking system has registered sharp reduction in stress and loan defaults, record recovery and steady increase in provision coverage, and is poised to further harness the benefit from large-scale resolution anticipated over the current and next financial years.

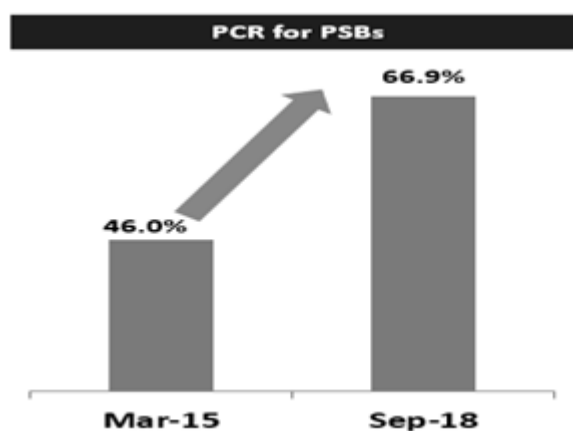
Major Impact of the 4Rs Approach

Gross NPAs of PSBs have started declining after peaking in March 2018, registering a decline of Rs.23,860 crore in the first half of the current financial year.

Non-NPA accounts overdue by 31 to 90 days (Special Mention Accounts 1 & 2) of PSBs have declined by 61% over five successive quarters from Rs. 2.25 lakh crore as of June 2017 to Rs. 0.87 lakh crore as of September, 2018, substantially paring down credit at risk.



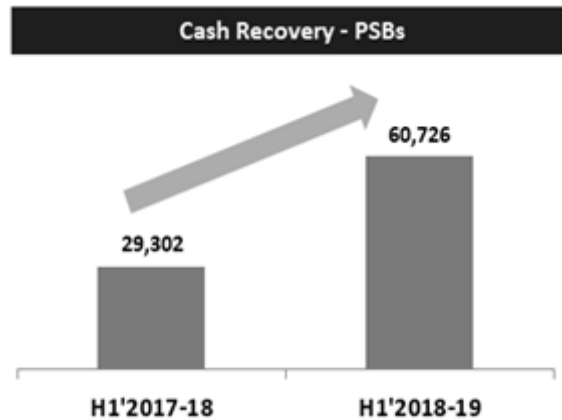
The Provision Coverage Ratio (PCR) of PSBs has risen steeply from 46.04% as of March 2015 to 66.85% as of September 2018, giving banks cushion to absorb losses.



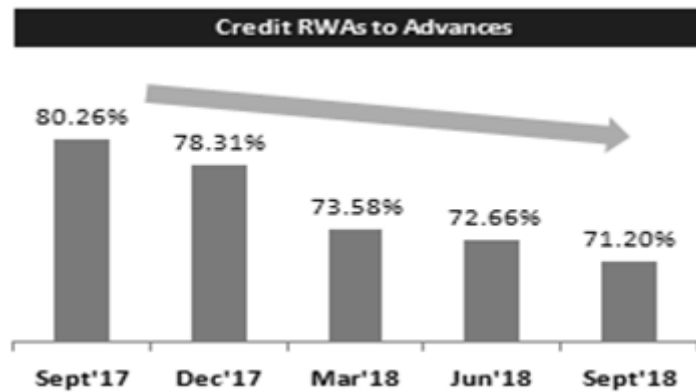


Department of Financial Services V

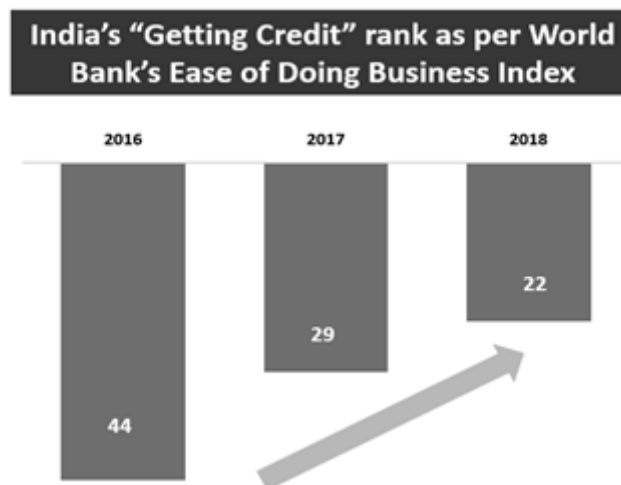
Record recovery of Rs. 60,726 crore has been effected by PSBs in the first half of the current financial year, which is more than double the amount recovered over the corresponding period last year.



PSBs have de-risked their portfolio as reflected in the Credit Risk-weighted Assets (RWAs) to Gross Advances ratio which has decreased from 80.26% in Sep-17 to 71.20% in Sep-18.



India's global rank on "getting credit" under World Bank's Ease of Doing Business Index has improved from 44 in 2016 to 22 in 2018, manifesting Enhanced Access & Service Excellence (EASE) in banking.





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III. Responsive and Responsible Banking:

Bank Reforms Package (EASE)- Responsive and Responsible Banking:

- i. Roll out of reform agenda which encapsulates a synergistic approach for ensuring prudential and clean banking through six themes of:
 - a) Customer Responsiveness,
 - b) Responsive Banking,
 - c) Credit Off-take,
 - d) PSBs as Udaymimitra for MSMEs,
 - e) Deepening Financial Inclusion,
 - f) Digitalisation and Ensuring Outcomes through governance/ HR.
- ii) Capital infusion made dependent on implementation of PSB Reforms Agenda, through Board-approved undertakings, quarterly monitored by Bank boards to avoid throwing good money after bad. High weight in performance appraisal of Whole-Time Directors to reform implementation and assessment of their performance by the Board was also introduced.
- iii) First ever annual EASE index survey planned, and steps initiated to get first interbank performance report by FY 19.

Cleaning up of Balance-Sheets with up-front provisioning and capitalisation:

The PCR of PSBs has gone up to a healthy 63.8% in 2018 from 52.15% in 2016, indicating the adoption of discipline for making adequate provision for the NPAs. This has been achieved while being compliant with CET-1 capital requirements. Because of recapitalisation, the ability of banks to support the revival in economic growth has been restored.

4 Rs- Recognition of NPA/ Resolution by IBC/ Recap/ Reforms led to:

- Reinstate confidence in PSBs by recapitalisation and comprehensive Reforms.
- Avoid default and risk of run on PSBs under PCA.
- Premature recall of AT1 bonds of PCA PSBs and treating recap infusion as replacement capital (Rs.35,000 Cr). Frequent possibilities of default were thus eliminated.
- Prior permission of Govt for issue of AT1 bonds mandatory.

Consolidation of PSBs' overseas operations:

Planned rationalisation of operations and examination of a total of 216 PSB overseas operations. Implementation already commenced.

- 35 overseas operations closed.
- 69 under process/ consideration.

Effective management of operational risks including technology risks:

EDs & CTOs of PSBs tasked to prepare blueprint to enhance preparedness for rising operational & technological risk challenges. After collective deliberations, PSB made high level recommendations and initiated implementations including:

- Immediate linkage of SWIFT with CBS.
- All outward financial/ non-financial messages to have extra authentication at a centralised level for stricter SWIFT controls.
- Pre-emptive monitoring and surveillance, putting workflow automation in place.





- Increase usage of analytics for day-to-day/ retail portfolio to revalidate the existing parameters of lending.
- Pricing to be commensurate to risk undertaken by Banks
- Implementation of data leakage prevention solutions
- Strengthen whistle blowing system

As a follow-up, PSBs have implemented additional layer of approval for all outward SWIFT messages, undertaken direct integration of SWIFT operating environment with CBS by end-April 2018, restricted time of SWIFT operations, and decided not to permit direct creation of electronic fund transfer messages on CBS.

Discontinuance of LoU/ LoC:

The issue of vulnerability on account of LoUs/ LoCs was flagged to RBI for examination. RBI has discontinued issuance of LoUs/ LoCs.

Action on wilful defaulters:

PSBs have stepped up action on wilful defaulters as a result of close monitoring. Banks have been advised to ensure action in terms of RBI circulars in respect of wilful defaulters, including publishing of photographs as per their Board approved policy.

Passport details must for loans of Rs 50 crore and above:

Capturing passport details made mandatory for all PSBs for availing/ in existing loans above Rs 50 crore.

Loans above Rs 250 crore to be monitored by Special Agencies:

The provision of specialised monitoring for loans above Rs.250 crore institutionalized for clean post-sanction follow-up and timely raising of red flags.

To avoid possibilities of non-payment of dues and /or diversion of funds, PSBs advised to ring fence cash flows for timely recovery and avoiding possibilities of diversion.

EASE agenda provides for Strict enforcement of conditions of sanction so as to strictly align release of funds to fulfilment of conditions of sanction, like infusion of equity by borrower, availability of environmental clearances, PPA, land acquisition, etc. before release of funds.

Reduction in consortium members, i.e. from 25-30 to 7-8 by prescribing at least 10% share in consortium lending. Smaller PSBs would avoid following the lead bankers without necessary quality appraisals at their end. This is also expected to improve decision making as possibilities of shifting responsibility would be minimised due to lesser number of lenders.

IV. Other Major Policy Initiatives

Debarment of connected parties from participating in bids under IBC

Actively participated in process of changes / amendments in Insolvency and Bankruptcy Code (IBC), 2016 to debar promoters from participating in the bids during IBC process. This has brought transformative change in debtor-creditor relationship.

Amendments to Negotiable Instruments Act, 1881:

- Addressing the issue of undue delay in final resolution of cheque dishonour cases so as to provide relief to payees of dishonoured cheques and to discourage frivolous and unnecessary litigation which would save time and money,
- 20% provision for Interim Compensation to Payee introduced at first stage.
- 20% Pre-deposit at Appeal Stage: Empowered the appellate court to direct deposit of a minimum of 20% of the cheque amount in appeal by the drawer against conviction.





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Amendments to Chit Funds Act, 1982:

- Amendment Bill introduced in Parliament.
- Bill aims to remove bottlenecks being faced by the industry.

Banning of Unregulated Deposit Schemes Bill, 2018

The Bill introduced in the Parliament to provide much needed protection to poor depositors and deal with the menace of illicit deposit taking schemes. It provides for:

- Complete prohibition of unregulated deposit taking activity.
- Deterrent punishment upto 10 years term and penalty of upto Rs. 50 crore for promoting or operating an unregulated deposit taking scheme.
- Designation of a Competent Authority by the State Government to ensure repayment of deposits in the event of default.
- Designation of Courts to oversee repayment of depositors and to try offences under the Act.

Implementation of TReDS:

- Registration of MSMEs on Trade Receivables electronic Discounting System (TReDS)- a online platform for increasing the cash-flows by financing of trade receivables of MSMEs through multiple financiers.
- ~34,000 invoices raised involving ~ Rs. 1400 Cr. Amount
- All PSBs joined TReDS.
- Over 25 major PSUs registered.

Transparent Appointments of Non-Official Directors (NoDs) & Non-Executive Chairperson (NECs):

- 15 NODs appointed.
- Senior appointments at ED/ MD/ NEC level in PSBs

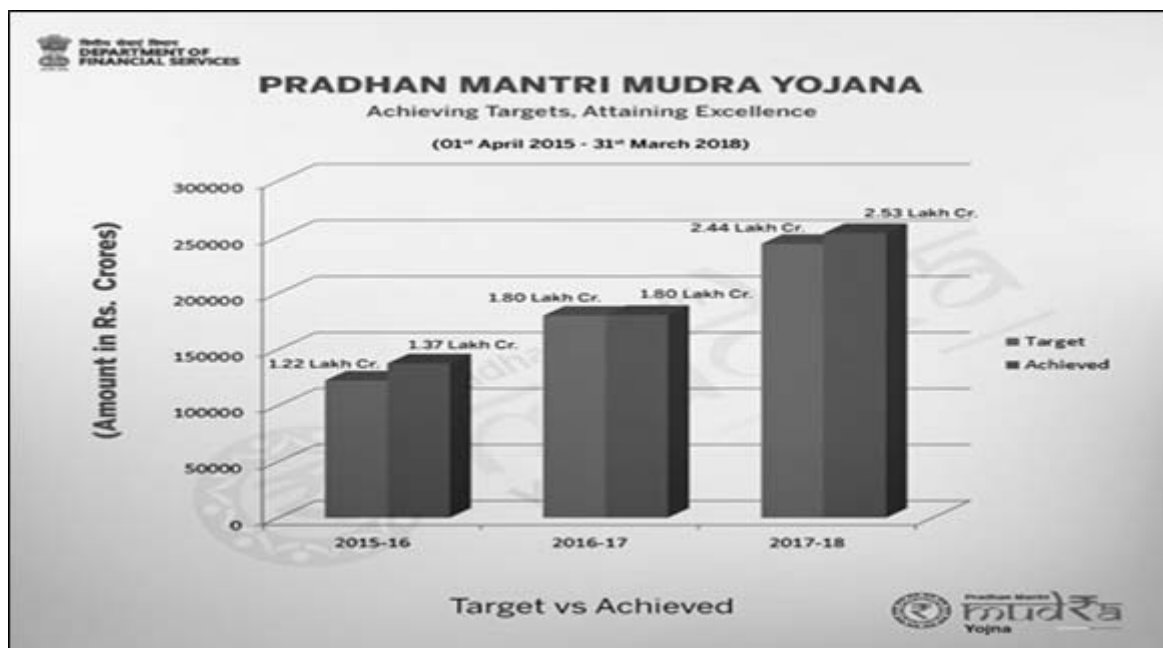
V. Financial Inclusion

- **Aadhaar Seeding - More than 99 crore out of 117 crore operative CASA** accounts seeded with Aadhaar.
- **21% increase in operative Jan Dhan Accounts** from 23.2 crore in Sept 2017 to 28.1 crore in December 2018
- **142% Increase in AePS transactions** at BC points - 13.6 crore p.m. in November 2018 from 5.65 crore in April 2017
- **13217 (~97%) Aadhaar enrolment centres** set up in PSBs as against a target of 13589 to make the process user friendly and more robust.

MUDRA

- 2017-18 PMMY loan sanctions at **2.53 lakh crore against the target of 2.44 lakh crore.**
- **Promotion of women entrepreneurship:** 74% beneficiaries are women under MUDRA.
- **Number of loan sanctioned:** 12.27 crore, amount sanctioned: Rs 5.71 lakh crore.
- FY 2018-19: **299.72 lakh** loan accounts, **1,51,382** crore disbursed. (as on **Dec 2018**)

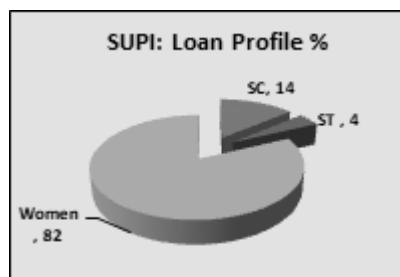
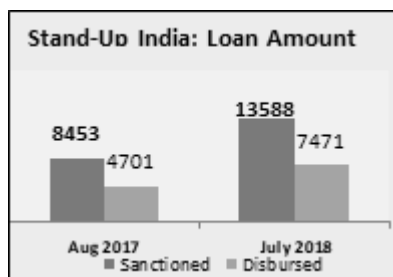
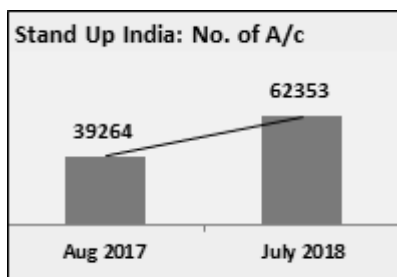




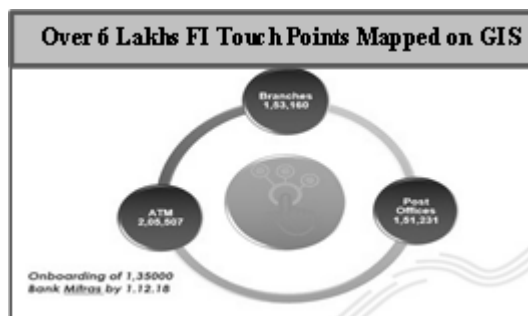
- **Facilitation of partnership between MUDRA and industry:**
 - ◆ Tied up with 24 e-commerce firms and industry to give loan under MUDRA scheme.
 - ◆ The initiative aims to strengthen forward and backward linkages for robust value chains anchored by industries, aggregators, franchisors and associations.

Stand-Up India

- **66,464 loans** sanctioned involving amount of Rs.14, 521 crore (As on Nov 2018).
- **82% Women beneficiaries**, 14% SC and 4% ST.



Jan Dhan Darshak App: This mobile application, developed by DFS and NIC, launched as a part of financial inclusion (FI) initiative. The application will act as a guide for the common people in locating a financial service touch point at a given location in the country. Over 6 lakh FI touch points (Bank branches, Bank mitras, ATMs, Post Offices) have been mapped on this App.





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Financial Inclusion Index (FII): It was launched by Finance Minister. DFS will release an Annual Financial Inclusion Index (FII) which will be a measure of access and usage of a basket of formal financial products and services that includes savings, remittances, credit, insurance and pension products. The index will have three measurement dimensions; **(i) Access to financial services (ii) Usage of financial services and (iii) Quality.** The single composite index gives a snap shot of level of financial inclusion that would guide Macro Policy perspective and internal policy making.



Continuation of National Mission for Financial Inclusion:

The Cabinet has approved the continuation of Pradhan Mantri Jan-Dhan Yojana (PMJDY) beyond 14.8.2018 with the following changes:

- Existing Over Draft (OD) limit of Rs 5,000 raised to Rs 10,000.
- No conditions attached for OD upto Rs 2,000.
- Age limit for availing OD facility revised from 18-60 years to 18-65 years.
- Free accident insurance cover on RuPay card for new JD A/cs increased from Rs. 1 lac to Rs. 2 lac.
- Under the expanded coverage from “every household to every adult”, accidental insurance cover for new RuPay card holders raised from Rs 1 lakh to Rs 2 lakh to new PMJDY accounts opened after 28.8.18.



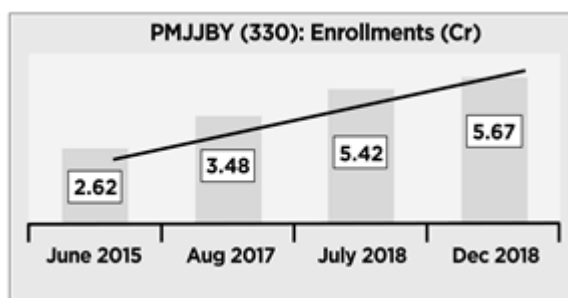
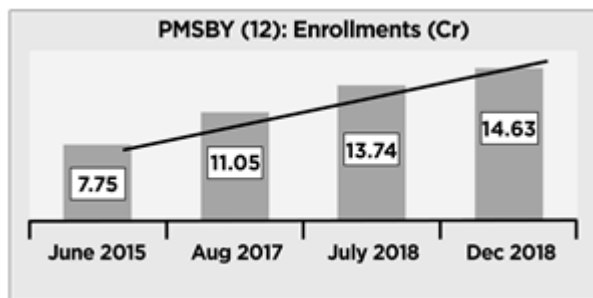


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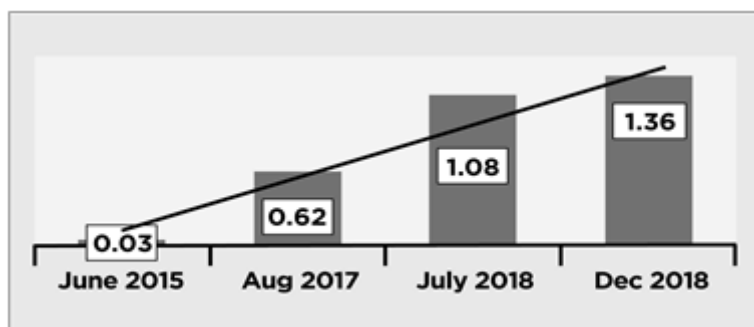
The continuation of PMJDY beyond 28.08.18 is aimed at bringing all unbanked adults into the mainstream of financial services and to also facilitate transfer of the benefits of various subsidy schemes of the Government more efficiently through the pipeline of Jandhan-Aadhaar-Mobile (JAM), which has been created during the implementation of PMJDY.

VI. Social Security / Micro Insurance

- **Pradhan Mantri Suraksha Bima Yojana (PMSBY) - 24th Dec 2018: 14.63 Cr enrolments, 29,198 claims settled under PMSBY.**
- **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) - 24th Dec 2018: 5.67 Cr enrolments, 1,22,794 claims settled under PMJJBY.**

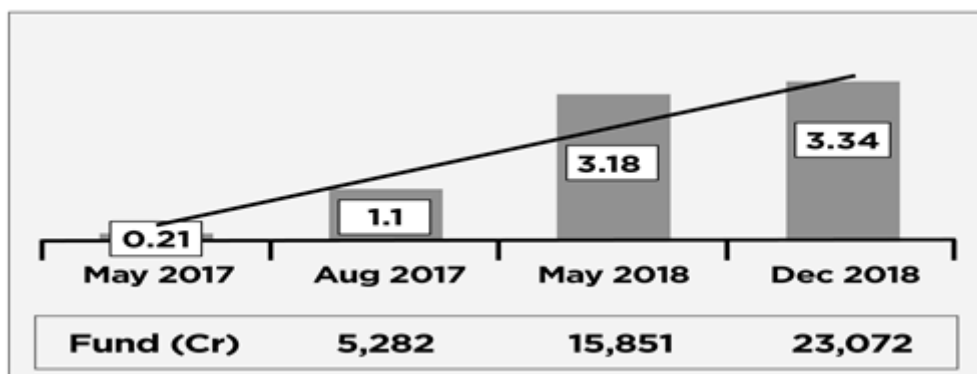


Atal Pension Yojna (APY) - 38.96 lakhs new APY accounts have been opened during the financial year 2018-19 till 22.12.2018, increasing overall enrolment under APY to 136.01 lakhs out of which 40% are women subscribers.



Pradhan Mantri Vaya Vandana Yojana (PMVVY) - Scheme 'Pradhan Mantri Vaya Vandana Yojana (PMVVY)' has been extended to provide social security during old age and to protect elderly persons aged 60. The scheme provides an assured return of 8% per annum for 10 years.

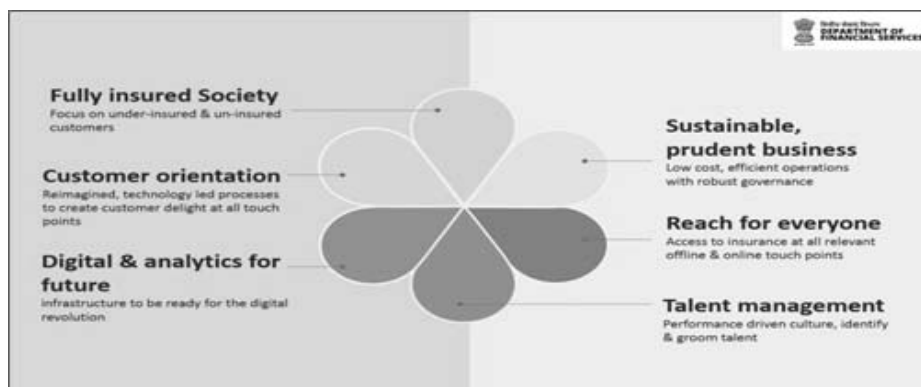
3.34 lakh subscribers to the scheme with a fund of 23,072 crore. (17th Dec 2018)





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Insurance Manthan: The progress of public general insurance companies (PGICs) was reviewed and 'Insurance Manthan' was conducted to optimise their performance. The six point agenda included themes: Fully insured society, Sustainable & Prudent Business, Talent Management and Customer Orientation.

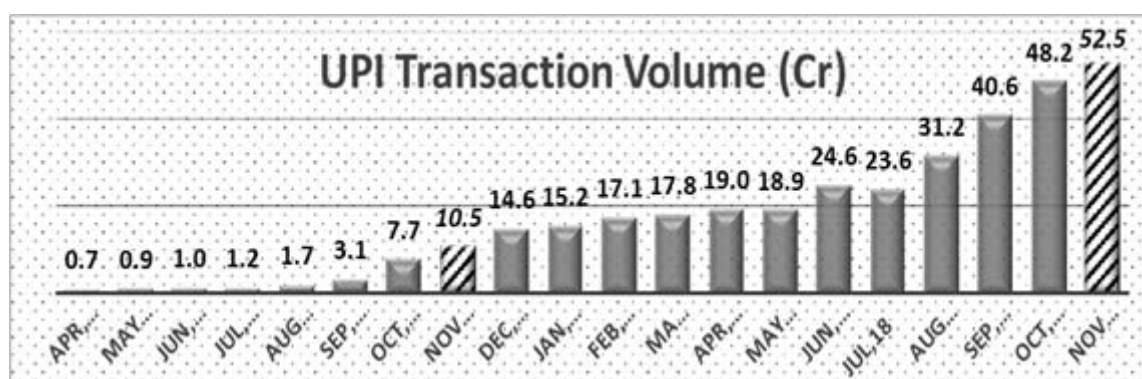
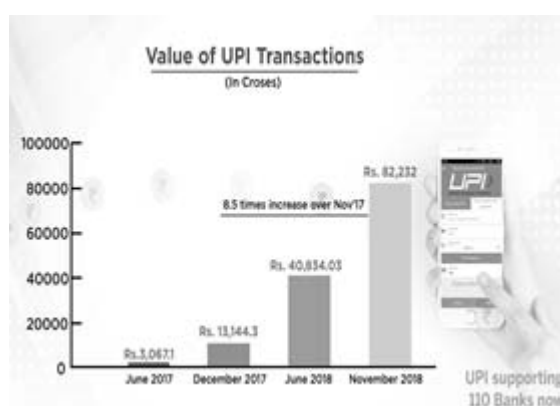
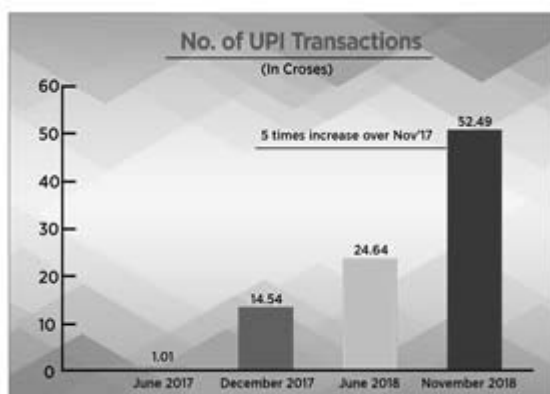


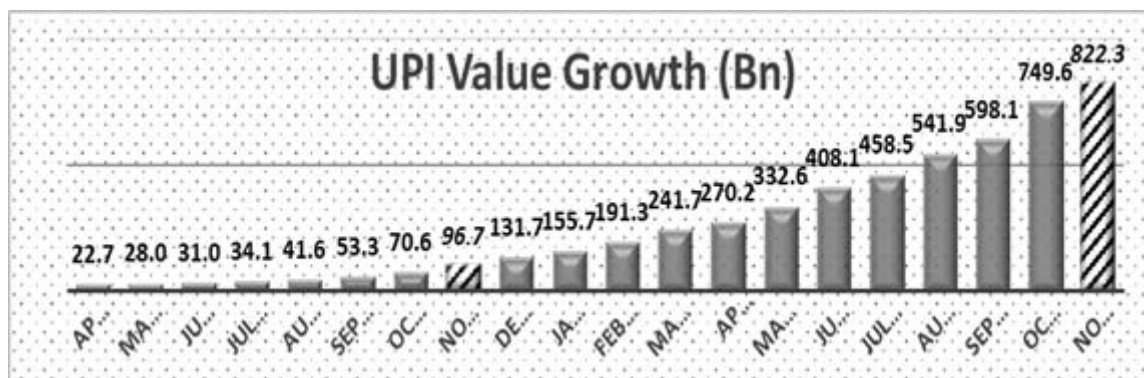
The process of merger of 3 public sector insurer (National Insurance Company, United India Insurance Company and Oriental India Insurance Company), as announced in Budget 2018, initiated.

VII. Reinforcing Digital India

Digital Transactions

- Nine-fold increase in digital transactions through all modes. In 2014-15, these were 0.83 crore transactions which has gone up to 7.31 crore per day in 2018-19.
- **Huge surge in UPI transaction:**
 - ◆ On average, number of daily UPI transactions reached 1.75 crore in November 2018.
 - ◆ **Volume** at 52.49 cr. in **Nov'18**, **5 times increase** over Nov'17.
 - ◆ **Value** of transaction touched Rs. 822.32 Bn. in Nov'18, **8.5 times increase** over Nov'17.





VIII. Building a More Resilient Banking Sector

- **Education Loan:** - As against target of 15,000 crore education loans, more than 16,000 crore education loans were sanctioned in 2017-18.
- **Acquisition of IDBI by LIC:** Planned the process of **LIC-IDBI acquisition**. The Cabinet approved conveying of no objection to reduction in Government of India shareholding in IDBI Bank Limited to below 50% by dilution, acquisition of controlling stake by LIC as promoter in IDBI through preferential allotment / open offer of equity and relinquishment of management control by the Government in IDBI.
 - ◆ IDBI would get an opportunity to tap 11 lakh LIC agents for doorstep banking services.
 - ◆ LIC would get bancassurance through the IDBI's network of 1,916 branches, besides access to bank's cash management services.
 - ◆ Benefit: economies of scale, reduction in the costs of distribution and customer acquisition, greater efficiency and flexibility in operations, and greater opportunity for cross-selling of products and services

IX. Strengthening National Pension System (NPS)

Streamlining of the National Pension System (NPS)

- Enhancement of the mandatory contribution by the Central Government for its employees covered under NPS Tier-I from the existing 10% to 14%.
- Providing freedom of choice for selection of Pension Funds and pattern of investment to central government employees.
- Payment of compensation for non-deposit or delayed deposit of NPS contributions during 2004-2012 for Central Government employees.
- Tax exemption limit for lump sum withdrawal on exit has been enhanced to 60%. With this, the entire withdrawal will now be exempt from income tax. 40% of the total accumulated corpus utilized for purchase of annuity is already tax exempted.
- Contribution by the Government employees under Tier-II of NPS will now be covered under Section 80 C for deduction up to Rs. 1.50 lakh for the purpose of income tax at par with the other schemes such as General Provident Fund, Contributory Provident Fund, Employees Provident Fund and Public Provident Fund provided that there is a lock-in period of 3 years.
- **NPS:** 3.85 lakhs new NPS accounts have been added during the financial year 2018-19 till 30.11.2018, reaching to overall subscription of 119.56 lakhs.

X. Systemic Strengthening for a Strong Economy

Addressing Power-sector stressed assets:

- In compliance with the orders of Hon'ble Allahabad High Court, a meeting was held on 21.06.2018 to discuss the issues pertaining to stress in Power Sector and report has been prepared and sent to Ministry of Power for further action.





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- DFS-led committee has recommended for constituting of a high-level empowered committee to address the issues of stressed Power Projects.
- A committee headed by Cabinet Secretary has been set up for revival of power-sector stressed assets so as to avoid such investments becoming NPA.

Amending Passport Act to prevent wilful defaulters from fleeing:

A panel headed by Secretary, DFS has submitted recommendations to Ministry of Home Affairs to amend the Passport Act to prevent wilful defaulters from fleeing country.

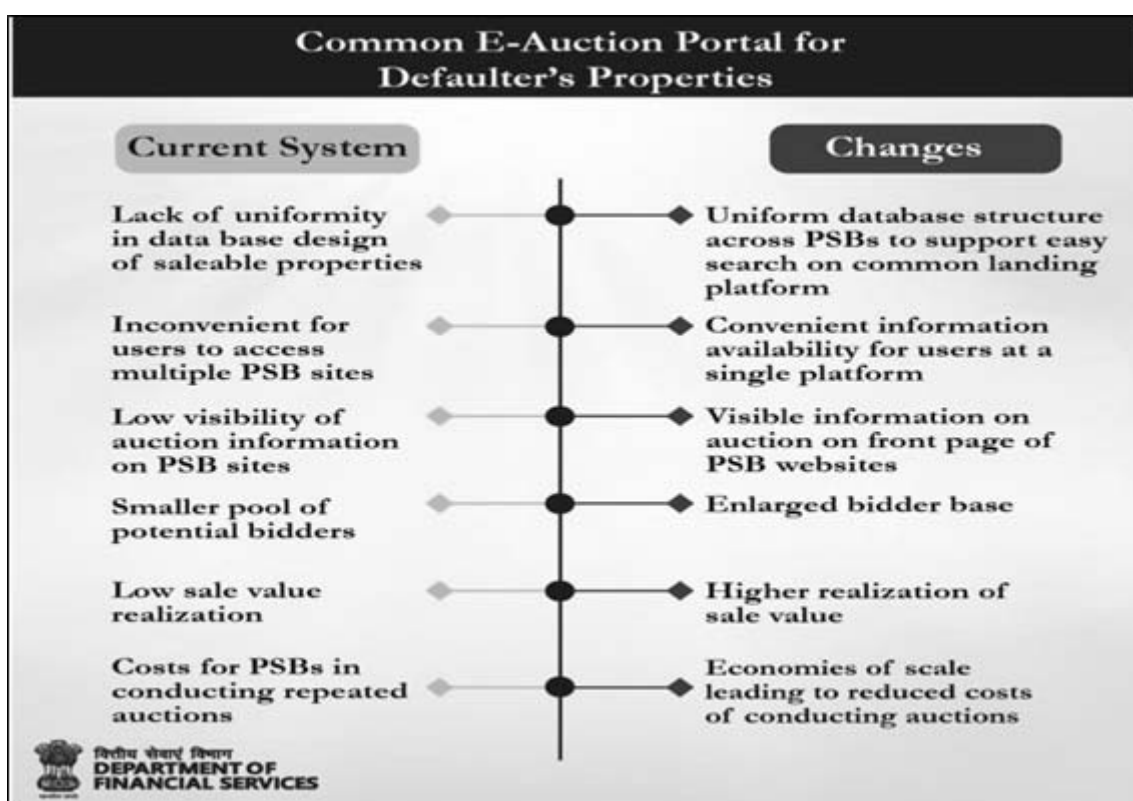
- The new rule to define a reasonable classification for high financial risk.
- The rule change to enable banks to red flag such cases to the concerned authorities.

Push to Clean-up & Fast Forward Recoveries:

Debt Recovery Tribunals (DRTs) de-cluttered for sharper focus on higher value cases. The minimum pecuniary limit for filing cases by banks against defaulting borrowers in DRTs hiked to Rs. 20 lakhs prospectively. Secured Debts less than Rs.20 lakhs to be dealt under SARFAESI Act.

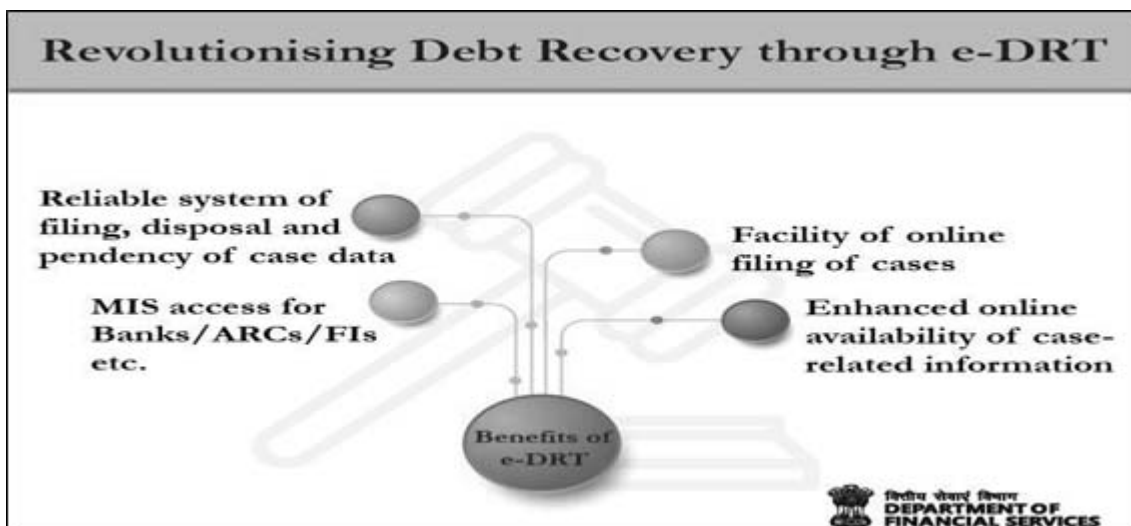
States have been requested to monitor passing of due orders by the district administration within the prescribed time limit of 60 days under the SARFAESI Act.

e-auction bazaar of defaulters properties: Common e-auction portal for banks for recoveries from defaulters' properties giving complete info –photo, title etc. for better value realisation. With uniform database structure across PSBs to support easy search on common landing platform, e-auction process would attract competitive bids & increase debt recovery.



Roll out of e-DRT software: Case Information System for all DRTs & DRATs is to be rolled out soon. Automated DRT workflow would improve access & bring in efficiency & transparency for speedy disposal & recovery.





Consolidation of PSBs:

First-ever three-way bank amalgamation process commenced. Government paves the way for amalgamated Public Sector Banks with global heft and business synergies for providing wider products & services and enhanced access. The Alternative Mechanism under the chairpersonship of FM, decided that **Bank of Baroda, Vijaya Bank and Dena Bank** may consider amalgamation of the three banks. The envisaged amalgamation will be the first-ever three-way consolidation of banks in India, with a combined business of Rs. 14.82 lakh crore, making it **India's Third Largest Bank**.

The consolidation will help create a strong globally competitive bank with economies of scale and enable realisation of wide-ranging synergies. Leveraging of networks, low-cost deposits and subsidiaries of the three banks has the potential of yielding **significant synergies for positioning the consolidated entity for substantial rise in customer base, market reach, operational efficiency, wider bouquet of products and services, and improved access for customers.**





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XI. MSME Outreach and Support

MSME loan in 59 minutes:

A new portal **psbloansin59minutes.com** was launched to fast-track in-principle approvals of loans upto 1 crore for MSMEs in 59 minutes without entrepreneurs having to visit branches. Subsequent to this in principle approval, the loan will be disbursed in 7-8 working days.

Support and Outreach Initiative for MSMEs: On November 2, 2018, the Prime Minister launched a historic support and outreach programme for MSME sector and unveiled **12 key game changer initiatives** which include access to credit, access to market, technology upgradation, ease of doing business, and a sense of security for employees. **DFS** is the **nodal department** for the programme. The following decisions/initiatives will help the growth, expansion and facilitation of MSMEs across the country:

Loan in 59 minutes.	Interest benefits for GST registered MSMEs.	CPSEs and Corporates more than Rs. 500 crore to join Trade Receivables e-Discounting System or the TReDS Platform.
Tech support to MSMEs via 20 hubs and 100 Spokes.	Mandatory 25% procurement from MSMEs by CPSEs.	Now, returns due to 8 Labour Laws and 10 rules to be filed only once instead of the earlier twice.
Pharma Clusters where 70% cost borne by Centre.	All CPSEs to join Government e-Marketplace (GeM).	Of the 25% mandatory procurement, 3% to be done only from women-led MSMEs.
Ending Inspector Raj and ensuring transparency.	Ordinance for simplifying levy of penalties for minor offences.	Easier process for Environmental Clearances and 'Consent to Establish.'

- Loan upto 1 crore within 59 minutes through online portal. This portal to be made available through GST portal.
- Interest rebate of 2% for all GST registered MSMEs, 5% subvention for Exporters.
- All PSUs to buy 25% from MSMEs.
- PSUs to buy 3% from women run MSMEs.
- All CPSUs to buy through Govt. GEM purchase portal.
- 6000 crores for 100 Technology Training and Upgrade Centre for MSMEs.
- 70 clusters for Pharma MSMEs. 75% cost invested by central govt.
- 8 Labour laws and 10 central laws returns only once in a year.
- Factory inspector visit assignment through random computerised selection and online reporting within 48 hrs.





- Environment clearance based on self-certification for MSMEs. Common for air and water clearance. Only 10% inspection.
- Companies Act amendment ordinance removing harsh punishments of jails etc. for small violations. 60% pending cases will be out through this amendment.
- All PSUs and companies above 500 crore turnover to upload all supply invoices on TReDS platform which will count MSMEs Receivables against which banks can give bill discounting facilities.

XII. Transforming to Perform

These reforms are transformatively laying foundation of stronger PSBs and resulting into:

- **Restored confidence** in PSBs.
- **Well provisioned PSBs** after transparent recognition of NPAs.
- **Clean lending** policies and procedures.
- **Closer monitoring of large accounts.**
- **A time bound approach to resolution** of stressed assets.
- **Fundamental change** in debtor-creditor relationship.
- **Setting of standards for better managing** operational risks including technology risks and strengthening of governance in PSBs.
- **Increased focus** on funding the unfunded
- **Focus on MSMEs** and small enterprises through MUDRA
- **Deepening financial inclusion** and social security coverage especially to under served



