Mid-Year Economic Analysis
2014-2015

Outcome of the review of the trends in receipts and expenditure
in relation to the budget at the end of the second quarter
of the financial year 2014-2015

and

Statement explaining deviations in meeting the obligations
of the Government under the Fiscal Responsibility
and Budget Management Act, 2003

(vide Section 7(1) and 7(3)(b) of the said Act)

Ministry of Finance
Department of Economic Affairs
Economic Division

MID-YEAR ECONOMIC ANALYSIS

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CHAPTER I

OUTLOOK AND CHALLENGES

1. MACROECONOMIC REVIEW

1.1 In July 2013, India was teetering on the edge of macroeconomic crisis with double digit inflation, a high and rising current account deficit (CAD), and a falling rupee as investor sentiment turned sour in the aftermath of the Fed's taper decision to signal the end of its quantitative easing. India was grouped with Brazil, Indonesia, Turkey, and South Africa to constitute the Fragile (Famous) Five amongst the emerging market countries (EMs).

1.2 Nearly 18 months on, the landscape has vastly changed. Macro-economic stability has returned, reforms are being undertaken, the external environment has moved in India's favour, and above all, a new Government has come into power with a relatively unencumbered political mandate for decisive economic change, a mandate that markets have enthusiastically embraced. The Indian stock market has increased in value by 33 percent since March (in dollar terms), amongst the highest in the EMs, benefitting from surging foreign capital inflows. India now represents one of the sparks in the world economy and the only major country not to suffer a growth downgrade by the IMF. From Fragile Five to Near-Solitary Spark of the global economy is the Indian narrative of the last year.

1.3 Figure 1.1 captures the change on the macroeconomic front. For the same Fragile Five, a macroeconomic vulnerability index (MVI) has been constructed which adds together a country's inflation rate, current account deficit, and fiscal deficit (all obtained from the latest World Economic Outlook of the IMF). The index is thus comparable across countries and across time. Heading into 2013, India was at the top of the pack on vulnerability with an index value of 22.4, comprising a 10.2 percent inflation rate, a budget deficit of 7.5 percent and a current account deficit of 4.7 percent of GDP well above that in the other countries. Turkey in 2013 surpassed India because of high current account deficit (of nearly 8 percent). Since then, India's fortunes have improved dramatically and India demonstrated the greatest improvement in the MVI while the others maintained the status quo or showed only a marginal improvement. The chart, nonetheless, under-states the Indian improvement because the WEO has probably over-estimated India's inflation outturn for 2014. India still needs to be watchful in terms of its macro-economic fundamentals. The value of the index currently is well above 15 (recognizing that a value below 12-say 4 percent inflation, 2 percent CAD, and 6 percent fiscal deficit-is perhaps safer macroeconomic territory).

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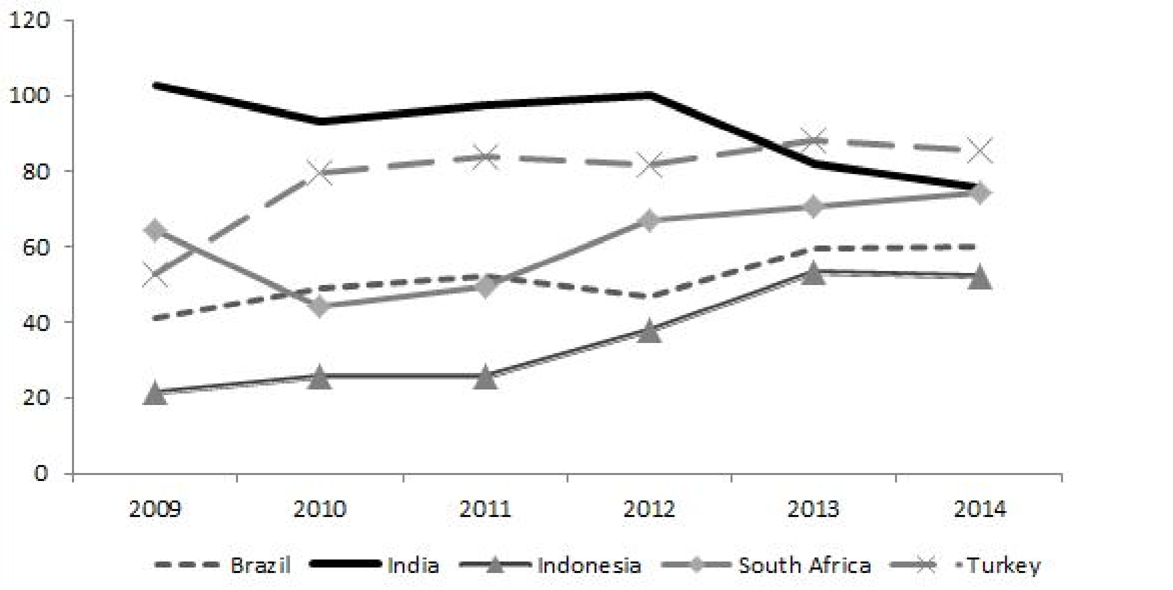
[1] S&P BSE 100 Index between March 3, 2014 and December 15, 2014.

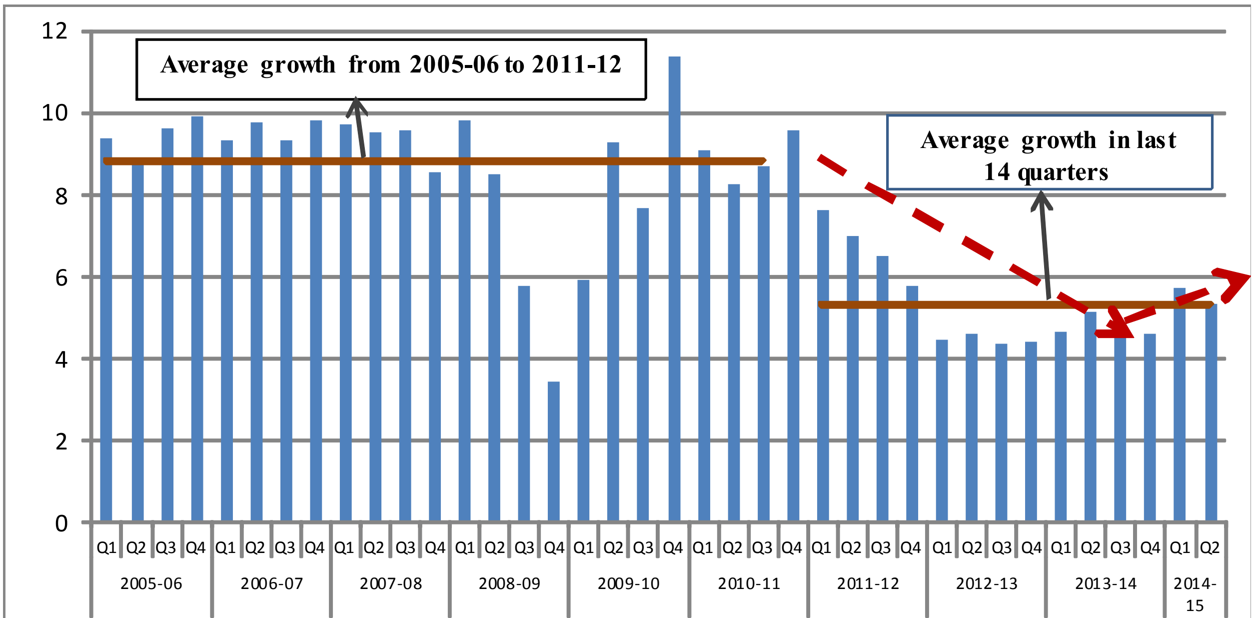
Figure 1.1: Macroeconomic Vulnerability Index
(Sum of inflation, current account deficit and fiscal deficit)



Source: WEO & MoF calculations

1.4 India's vulnerability to the Fed's "taper tantrum" owed also to investor perceptions about the underlying growth momentum. After several years of near 9 percent average growth, India's growth decelerated for about 12 quarters, declining below 5 percent in the last 2 quarters of FY2014 (Figure 1.2).

Figure 1.2 : Quarterly Growth Rate of Real GDP



Source: Central Statistics Office

1.5 Although it is still too early to detect signs of robust recovery, emerging trends indicate that the growth deceleration has bottomed out, manifested in the relative improvement in growth in the latest 2 quarters.

1.6 The macroeconomic improvement and the consequent turnaround in investor sentiment were spurred by the Government's policy actions. A non-exhaustive list of the major reforms includes:

- Deregulating diesel prices, paving the way for new investments in this sector;
- Raising gas prices from US$ 4.2 per million British thermal unit to US$ 6.17 (a 33 percent increase), and linking pricing, transparently and automatically, to international prices so as to provide incentives for greater gas supply and thereby relieving the power sector bottlenecks;
- Increasing FDI cap in defense to 49 percent, and targeting 100 percent FDI in investment;
- Replacing the cooking gas subsidy by direct transfers on a national scale;
- Instituting the Expenditure Management Commission that will lay out a plan for rationalizing expenditures;
- Reforming the coal sector via auctions and greater private sector entry;
- Instituting a major program for financial inclusion--the Pradhan Mantri Jan Dhan Yojana --under which over 9 crore new accounts have been opened till December 11, 2014;
- Continuing the push to extending coverage under the Aadhaar program, targeting enrollment for 1 billion Indians;
- Eliminating the quantitative restrictions on gold;
- Expediting environmental clearances;
- Facilitating Presidential Assent for labour reforms in Rajasthan, setting an example for further reform initiatives by the States; and consolidating and making transparent a number of labour laws; and
- Implementing a program of disinvestments

1.7 On the inflation front, the key actions were the interest rate increases (of 75 basis points) by the RBI since August 2013, and the broader signalling of anti-inflation policy and framework in the form of the Urjit Patel Committee Report -- all of which contributed to policy credibility. This was significantly helped by this Government’s actions including the continuation of fiscal consolidation, release of food stocks, and crucially by the moderation of minimum support price (MSP) increases, from near double digits previously to 3-3.5 percent, in the case of rice and cereals.

1.8 On the current account, the increase in tariffs and imposition of restrictions on gold last year (since liberalized in two stages in May and then in November 2014) were the key actions that helped reduce the CAD and hence reliance on foreign financing.

1.9 At the same time, the external environment has turned in India's favour. In this fiscal year, there has been a substantial reduction in the global prices of India's major commodity imports-petroleum, gold, coal, vegetables oils, fertilizers, and silver (that together constitute 51 percent of total imports and 12 percent of GDP). The reduction in prices has been substantial in some cases-40 percent in the case of oil, so that the average reduction weighted by GDP is about 1.8 percent of GDP (around 1.5 percent of GDP if India's exports of oil are also taken into account). The collateral benefit has been an improvement in the current account, moderating pressures on inflation, and relief for the fiscal situation as oil subsidies which accounted for about 1 percent of GDP have also come down.

Short-term Growth Outlook

1.10 The Economic Survey 2013-14 (published in July 2014) observed that during 2014-15 the Indian economy was expected to recover only gradually with growth in real GDP likely in the range of 5.4 - 5.9 per cent. It also noted the possibility of growth remaining on the lower side of the range for the following reasons: (i) lagged effects of reforms undertaken to restart the investment cycle; (ii) weak growth outlook in some Asian economies, particularly China that would depress Indian exports; (iii) elevated levels of inflation that limit the scope of RBI to reduce policy rates; and (iv) expectation of below-normal monsoons. The prospect of economic reforms and a stronger-than-expected recovery in some major advanced economies, especially the United States, were expected to bolster the Indian recovery.

1.11 Investment is yet to pick up significantly. But on the upside, inflation has come down dramatically, the monsoons failed to extract as much of a toll on growth as expected, and India received a large supply side shock in the form of reduced commodity prices that amounted to about 1.5 percent of GDP. The year could end with growth around 5.5 percent.

2. OUTLOOK AND CHALLENGES FOR SPECIFIC SECTORS

Fiscal Challenges

1.12 This is an especially challenging year for four reasons that are elaborated in Box 1.1 below:

- The tax base was weaker than expected thanks to unanticipated moderation in inflation;
- The revenue projections were over-optimistic;
- The budget was unduly burdened by a legacy of carried-over expenditures; and
- Above all, the deficit target represented strongly pro-cyclical fiscal policy-consolidation when growth was below potential-which is ambitious at the best of times and also unusual amongst the major economies today.

Box 1.1: The Challenging FY2015 Budget

In line with the Government's commitment to medium term fiscal consolidation, and to ensure macroeconomic stability in the short run, the budget inherited a targeted fiscal deficit of 4.1 percent of GDP, down from 4.5 percent in the previous year. How ambitious a target was this?

Evaluating the budget from the revenue side suggests that the target was ambitious. The budget assumed nominal GDP growth of 13.4 percent and a tax buoyancy (relative to nominal GDP) of

1.5.[1] An overestimation of revenue can result from an overestimation of nominal GDP growth as well as an overestimation of buoyancy.

We attempt here a simple decomposition of the overall overestimation of revenue into these two factors.[2] Our estimate is that these two factors together may have led to total tax revenue optimism by about ₹ 1,05,000 crores or 0.84 percent of likely FY2015 GDP which is broadly the shortfall that now looms ahead.

Overestimation due to growth optimism: Significant inflation moderation in India combined with still tepid real growth below potential--will mean that nominal GDP growth will be about 10.6 percent instead of the 13.4 percent assumed in the budget. This will entail revenue optimism to the extent of ₹ 27,000 crores or 0.22 percent of GDP.

Overestimation due to buoyancy optimism: The second reason for the revenue optimism relates to the buoyancy assumptions. The table below shows the average buoyancy for the major revenue items for the previous five years and compares them with the implied assumption in the budget. In many cases, the assumed buoyancy was far in excess of historical performance.

The optimism was greater in relation to indirect taxes than for direct taxes. In the case of service taxes for example, the assumed elasticity over-estimated revenue by 26,000 crore rupees (0.2 percent of GDP). Some of this optimism may have been on account of the expansion of the tax base for services but the assumed buoyancy was apparently not realized. In aggregate, the elasticity assumptions may have led to revenue optimism by about ₹78,000 crores (0.62 percent of GDP). This experience should inform the forthcoming budget.

In addition, the budget was strained by a legacy effect, reflecting the excess carryover of subsides from the past. This amount is difficult to quantify precisely but could range from 0.3 to as much as 1 percent of GDP.

Therefore, evaluating the fiscal performance this year should take account of the legacy costs and the ambitious targets that were inherited. They were ambitious because of optimistic revenue projections, of unanticipated moderation in inflation (the consumer's gain being the Government's loss), and also because of below-potential growth. The latter implies that India is-unusually amongst the major economies according to the IMF-pursuing pro-cyclical fiscal policies. The Government is committed to meeting the fiscal targets for FY 2015, despite the difficult odds engendered by a combination of these factors.

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[1] Tax buoyancy is defined as the ratio of revenue growth to the growth in the corresponding base, typically nominal GDP. Tax elasticity is essentially the tax buoyancy controlling for changes in either the tax base or tax rates. The historical buoyancy estimates are roughly also elasticity estimates because for the period under consideration and with some exceptions, there were no major changes in the tax base or rates. We examined the buoyancy estimates with alternate tax bases (for example, manufacturing GDP for excise taxes, services GDP for service taxes) and obtained broadly similar results.

[2] Note that the percentage change in revenue generated can be written as the product of the buoyancy and the GDP growth rate. Overestimation in revenue in FY15 resulting from overestimation of buoyancy (col.5 in Table), then, is the product of buoyancy overestimation (difference between the budgeted buoyancy and the 'historical' buoyancy), the nominal growth rate for FY15 and tax collections in FY14 (provisional actual). A similar method is followed to calculate the overestimation resulting from an over-optimistic GDP growth projection.

Table: Estimating the Revenue Over-Projection in the Union Budget 2014-15

Tax	Base	Historical Buoyancy (2008-09 to 2013-14)[1]	Buoyancy (Budget 2014-15)[2]	Revenue over-projection due to over-estimation of buoyancy (₹ crore)[3]	Revenue over-projection due to over-estimation of nominal GDP growth (₹ crore)[4]	Total over-projection (₹ crore) (Col.5 + Col. 6)	Total over-projection (as % of GDP)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Customs Duty[5]	Imports	0.6	1.3	12,772	2,892	15,664	0.12
Central Excise Duty	GDP	0.4	1.6	21,556	1,898	23,455	0.19
Service Tax	GDP	1.4	3.0	26,225	6,061	32,287	0.26
Indirect Tax	GDP	0.8	1.9	57,861	11,116	68,976	0.55
Corporation Tax	GDP	0.9	1.1	8,367	1,171	9,539	0.08
Taxes on Income	GDP	0.9	1.3	10,082	5,992	16,075	0.13
Direct Tax	GDP	0.9	1.2	20,144	15,964	36,108	0.29
Overall Tax	**GDP**	**0.8**	**1.5**	**78,005**	**27,079**	**105,084**	**0.84**
Share in over-projection (in percentage points)	**-**	**-**	**-**	**0.62**	**0.22**	**0.84**	-
Share in over-projection (in per cent)	**-**	**-**	**-**	**74.2**	**25.8**	**100**	-

Source: Ministry of Finance. Notes:

a) Budgeted GDP for 2013-14 is ₹ 1,28,76,653 crore assuming a growth rate of 13.4 per cent whereas the actual GDP is ₹ 1,25,58,711 crore @ 10.6 per cent growth rate achieved so far in 2014-15.

b) In the year 2010-11, there was an accelerated upward trend in the gross tax revenue majorly due to an increase in the growth rate of corporation tax, customs duties and union excise duties and also on account of dismal performance of tax revenue collections in the preceding years.

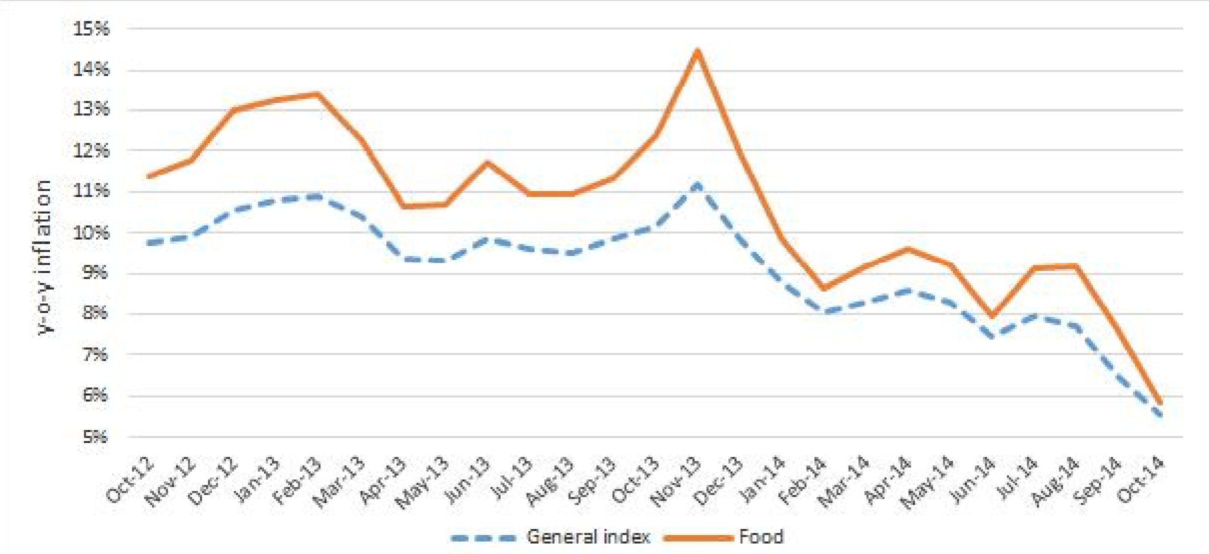
c) The year 2013-14 witnessed a downward trend in indirect tax collections.

1. Computed as the ratio of average growth rate of tax revenues to average growth rate of nominal GDP during 2008-09 to 2013-14. Alternative sample periods could be considered for computing historical buoyancy. A longer sample risks including periods where significant changes occurred in the tax base and rates. The sample chosen, although short and restricted to the post-crisis period, has the virtue of not having witnessed significant policy changes.
2. Computed as ratio of growth rate of tax revenues in 2013-14 (Provisional Actuals) to budgeted growth rate of nominal GDP in 2014-15.
3. Computed as the product of difference between historical and budget 2014-15 buoyancy, the actual GDP growth rate for 2014-15 and the tax collections in 2013-14 (Provisional Actuals).
4. Computed as the product of difference between the budgeted GDP growth rate and the actual GDP growth rate for 2014-15, the historical buoyancy and tax collections in 2013-14 (Provisional Actuals).
5. For Customs duty, buoyancy has been computed as the ratio of growth rate of import duty collections to growth rate of imports.

Monetary Policy and Inflation

1.13 One of the dramatic macroeconomic developments in recent months has been the decline in inflation, see Figure 1.3. November inflation printed at 4.4 percent. This represents a dramatic decline from the peak level of 11.2 percent reached in November 2013. These low numbers are not just due to base effects (high inflation today because of low inflation at this time last year). Even the momentum of headline inflation for the latest three months (average) is 2.4 percent, down from 11.8 percent in (the third quarter of FY2014), a staggering decline.

Figure 1.3: CPI (New Series) Inflation



Source: Reserve Bank of India

1.14 Moreover, these developments were unanticipated. Even as recently as September 2014, the RBI's projection for January 2015 was 7.4 percent, representing an over-estimate of nearly 200 basis points. The same was true for most financial market assessments.

1.15 Understanding the latest trends is critical to an assessment of the inflation outturn for 2015 and for the stance of monetary policy going forward. The decline in inflation owes to four factors that are discussed in some detail subsequently:

A. A decline in agricultural prices;

B. A decline in commodity prices, especially oil;

C. Continued economic weakness relative to potential; and

D. Credibility of policy making

A. <u>Agriculture</u>: Since, agriculture constitutes almost 50 percent of the consumer price index (CPI), it has a decisive impact on the headline. The following developments are particularly noteworthy:

- Between January 2011 and October 2014, the World Bank's Food Price Index for food, oil and meals, and grains declined, respectively by 20, 27, and 29 percent.
- Moreover, the rate of growth of rural wages, after having averaged 18 percent (26 percent at its peak) for the previous five years, has now decelerated sharply into single digit territory (see Figure 1.5). This reflects strong disinflationary pressures in agriculture and signals a slack in the labour market.
- Further, the Government has consciously moderated the rate of growth of minimum support prices (MSPs). After having averaged at over 12 percent from 2007 to 2013, the MSP for rice and wheat has been brought down to 3.8 percent in the current fiscal year.

B. Oil prices: Declining commodity prices, especially of oil, have driven inflation down. Oil and petroleum accounts for about 37 percent of imports and 9 percent of GDP. Oil prices have declined by about 40 percent this year and have contributed positively and substantially to declining inflation.

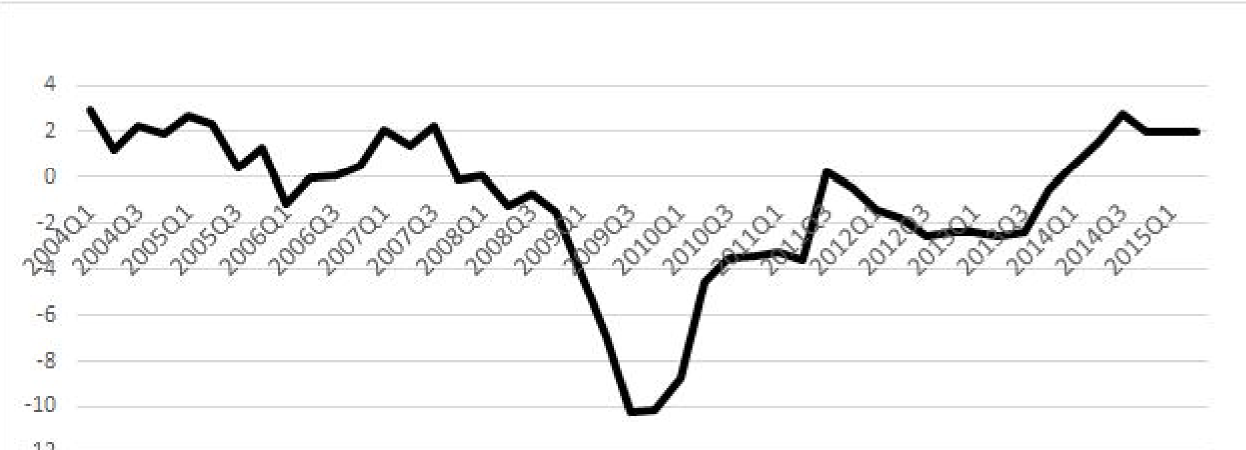
C. Economic activity: Despite the sprouting of green shoots, a robust recovery has still to fully take hold (an overview is contained in Chapter III).

- In the most recent quarter, the economy grew at 5.3 percent largely due to a positive performance of agriculture.
- Private investment has not yet picked up, and is being held back by the legacy of distressed corporate balance sheets.
- The performance of indirect tax receipts, which grew at 5.6 percent in the first six months, and the muted pick-up in credit also point to ongoing weakness relative to potential.

D. Credibility of monetary policy: For a long time, the Indian economy had been drifting without a credible monetary anchor. Since late 2013, however, this has been laudably reversed. Figure 1.4 illustrates this.

1.16 For nearly six years (2007 third quarter to 2013 third quarter), India lost monetary policy credibility, reflected in the fact that real policy interest rates were consistently negative at a time when inflation was persistently in the double-digit territory. For the first time in decades, inflation in India exceeded that in comparator countries (Figure 1.4).

Figure 1.4: Real Policy Rate



Source: Reserve Bank of India

1.17 That has been reversed since the end of 2013, with real interest rates climbing back into positive territory, and as of today stand just above 2 percent (on a 3-month forward-looking basis). Monetary policy credibility has been gained through important actions both by the RBI and by the Government. For its part, the RBI raised policy rates since July last year and published the Urjit Patel Committee Report, both of which signalled the move towards a flexible inflation targeting regime. In doing so the RBI has clearly demonstrated the capacity to rein in inflation.

1.18 But the Government's contribution to inflation control has been important if somewhat under-recognized. By releasing stocks at a time that food availability seemed worrisome, and crucially by reining in the increase in MSPs, Government actions, along with declining world prices have moderated the inflationary impulses stemming from agriculture.

Inflation outlook

1.19 The stance of monetary policy will be determined not just by the past developments but an assessment of inflationary impulses going forward. Of the four factors considered above, the most important will be agriculture. But before we discuss agriculture, it is useful to review the outlook for the other factors.

1.20 Oil Prices: The risk that the decline in oil prices will reverse itself always exists. However, the persistence of tempered oil prices seems highly probable for at least three reasons. Demand is softening because of slowing growth in major areas of the world economy, including China and Europe. Noteworthy supply shifts are occurring related to the increase in oil and shale gas production in the U.S. and the concomitant decline in the oligopolistic power of OPEC (notably its swing producer, Saudi Arabia). Finally, the anticipated end to the abnormally low interest cycle in the US and the prospect of future rate increases will favour extraction of oil over keeping it in the ground, thereby further boosting supply and keeping prices soft. Higher rates will also lead to financial asset-reallocation away from commodities, especially oil, as a class into US financial instruments.

1.21 Economic Activity: Shortfalls in the ambitious revenue target in the current fiscal year will likely lead to expenditure cuts, which impact growth especially since expenditure multipliers tend to be high. Therefore, aggregate demand pressures on future inflation from the fiscal side will remain muted.

1.22 Agricultural Inflation: A useful perspective can be gained by categorizing the agriculture sector into tradable and non-tradable components (recognizing as always that the boundaries between the two are blurred). Tradability and non-tradability vary according to commodity, more in the case of oilseeds and pulses, and also across time as Government policy attempts to insulate the economy from foreign prices, not always symmetrically depending on whether the priority is accorded to producers or consumers. More recently, domestic prices have converged toward international prices.

1.23 Broadly, the determinants of agricultural inflation are external and domestic. On the former, a combination of international prices and the concomitant pressures to adjust minimum support prices influence inflation. Domestic demand pressures depend on the strength of the economy and the fiscal deficit; domestic cost pressures are related to wage growth that may stem from Government programs.

1.24 Looking ahead, we need to assess the outlook separately for these external and domestic determinants of agricultural inflation. According to World Bank projections, global agricultural prices will remain muted, a likely decline of 1 percent in 2015 relative to 2014. This will have a key impact on MSP increases. In wheat and rice, the FOB price and the MSP are close. For this reason, it is likely that the recent trend of modest MSP price increases (of 3-3.5 percent percent) will continue, moderating inflationary pressures.

1.25 The really striking development is domestic and relates to wage pressures. As shown below in Figure 1.5, a dramatic change seems to have happened to rural labour markets since 2012 because wage growth has plunged. A combination of softness in the economy and reductions in MGNREGA expenditures (declines of 3 and 36 percent in the last two years) have played a key role. If these trends continue, rural wage growth can continue to decelerate, further moderating inflationary pressures.

Figure 1.5: Rural Wage Growth (Per cent)

Source: Labour Bureau

1.26 Increasingly, market participants have begun to revise downward their CPI inflation forecasts and some expect the inflation trajectory to be below the RBI's glide path. We therefore take an average of the assessments of three prominent market participants, in some cases taking their favourable scenario and get an average of 5.3, 5.4, 5.1, 5.2, and 5.8 per cent respectively for the end of next five quarters starting with December 2014.

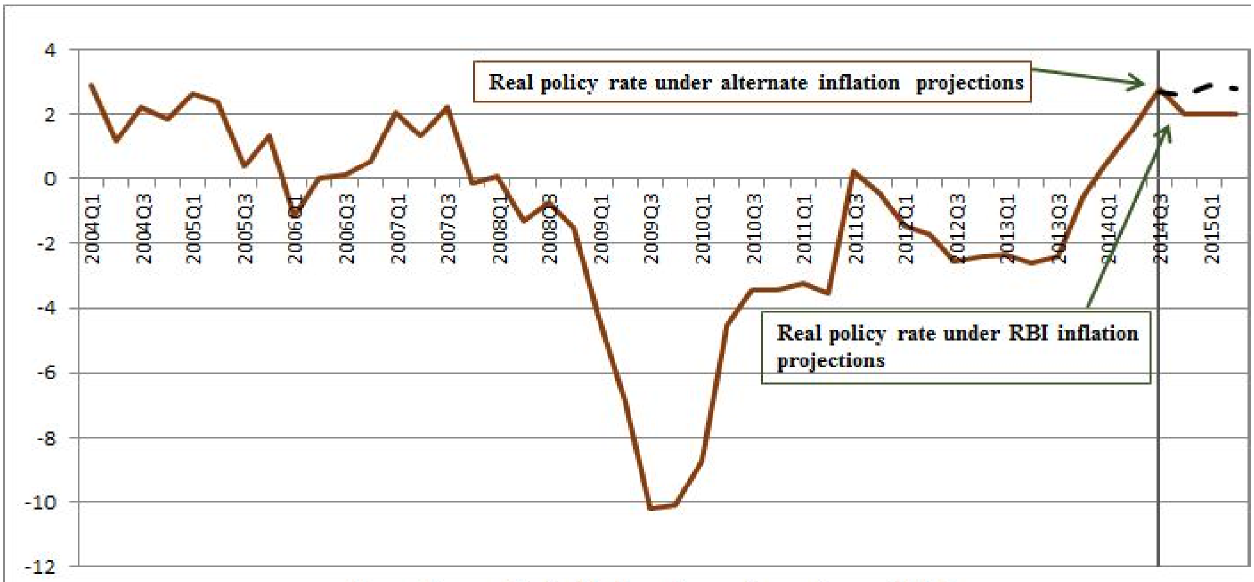
Monetary Stance

1.27 Against this background, and in the aftermath of the recent credit policy statement of the RBI, it is worth looking at the stance of monetary policy under the assumption that interest rates will be held at current levels until the last quarter of FY 2015.

1.28 Given the RBI's own profile of projected inflation which includes meeting its January 2016 target of 6 percent, current policies appear historically tight. Assuming unchanged policy, real interest rates will reach levels last seen nearly a decade ago. But at that time (in the early to mid-2000s), the economy was over-heating, reflected in rapid growth and a surge in asset prices. Moreover, if inflationary pressures continue to moderate as argued above, and the RBI substantially overshoots its own inflation target, the stance of policy would be tighter still.

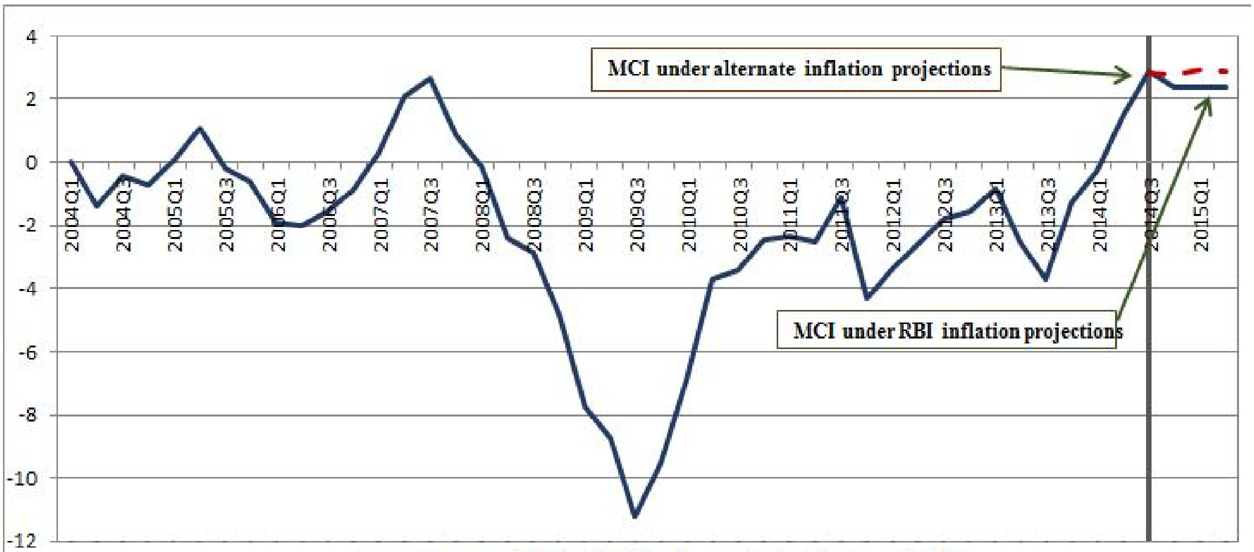
1.29 A complementary way of assessing the stance of monetary policy is to look at an overall monetary conditions index (MCI) which reflects the effect on demand both from the domestic and external sectors. This index therefore combines interest rates with real exchange rates to assess the stance of monetary policy. This index has strengths and weaknesses but offers an additional perspective to one that looks just at real interest rates. The MCI assumes that exchange rates have effects on aggregate demand and need to be incorporated in assessments of the monetary stance. Since exchange rates can be influenced by domestic policy, as is true under conditions of less-than-open capital accounts and imperfect substitutability across assets, a look at the broader index such as the MCI is useful.

Figure 1.6: Real Policy Rate under RBI and Alternate Inflation Projections



Source: Reserve Bank of India, select market analysts and MoF

Figure 1.7: MCI under RBI and Alternate Inflation Projections



Source: Reserve of Bank of India, select market analysts and MoF

1.30 The MCI and the real policy rate are plotted in Figures 1.6 and 1.7. Incorporating the effect of exchange rates reinforces the picture that monetary conditions have been the tightest in recent years. As is evident from both figures, the projected path of the real policy rate as well as the MCI under the alternate inflation projections are above that obtainable under RBI's inflation projections. This suggests that the present stance of monetary policy, if continued, would be tight compared to recent history. But the similarity of real rates today and in recent previous episodes (2004 and 2007) is especially striking because then the economy was close to overheating while today it is just beginning to recover.

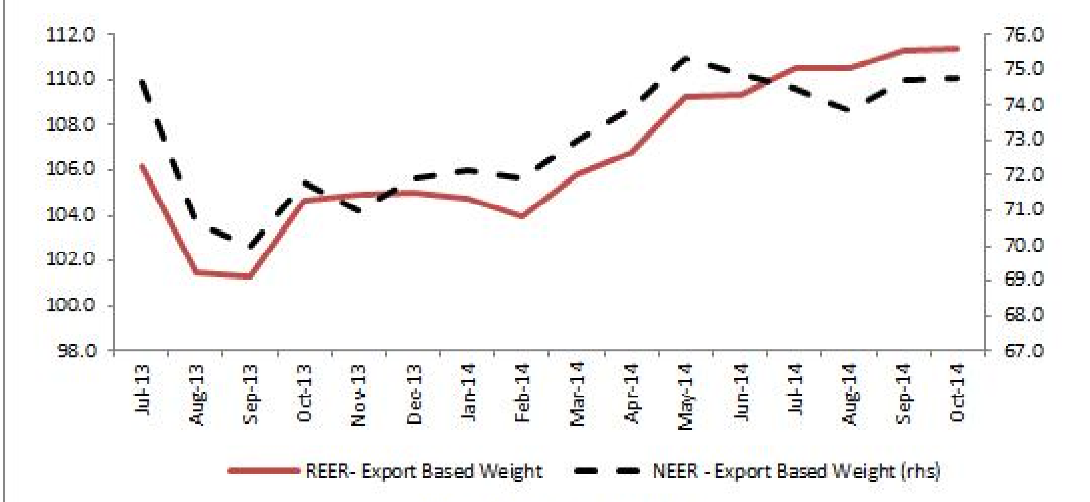
External Sector Outlook

1.31 The high and deteriorating current account deficit (CAD) that played a key role in the crisis last year has been reduced substantially. The Economic Survey 2013-14 projected the CAD at US$ 45 billion (2.1 per cent of GDP) and financed by stable sources of capital/financial flows.

1.32 The significant developments since the Economic Survey have been the decline in the prices of oil and gold as well as the relaxation of the gold regime in November 2014. The most recent quarter registered a CAD of 2.1 percent of GDP. For the year as a whole, the CAD will remain close to 2 percent with higher gold imports-consequent upon the liberalization in November-offset by the oil effect, which is yet to be reflected in the data and which could reduce the CAD by 1.5 percent on an annual basis.

1.33 One source of concern is muted export growth and rising non-oil, non-gold imports which could be affected by India's deteriorating competitiveness, reflected in the appreciation of the real effective exchange rate by 10 percent since September 2013 (Figure 1.8). The interesting fact here is that higher inflation in India relative to trading partners is contributing only 3 percentage points, with the remaining 7 percentage points accounted for by the rupee strengthening in nominal terms against other currencies. In other words, surging capital inflows, notwithstanding the intervention by the RBI both in spot and forward markets, accounts for the bulk of the deteriorating competitiveness. Reconciling the benefits of these flows with their impact on exports and the current account remains an important challenge going forward.

Figure 1.8: Nominal and Real Effective Exchange Rates, Export-Based Indices (36-Currencies)



Source: Reserve Bank of India

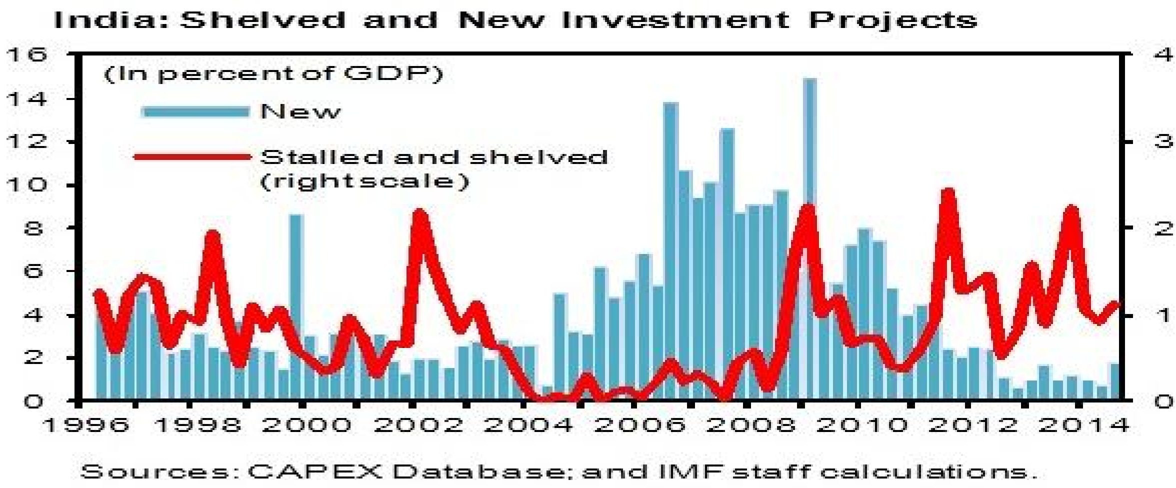
1.34 Net financial/capital have been healthy in the first half of 2014-15. The level of investment flows (FDI plus FII) in April-October 2014 exceeds the estimated level of the CAD for the year. As such capital flows are expected to be much higher than the baseline estimates of US$ 60 billion. The RBI has absorbed a part of these excess flows, resulting in a sizeable reserve accretion on BoP basis. The stock of assets has not risen by an equivalent amount due to the strengthening of the US dollar. Downside risks emanating from global economic events remain, but the outlook for external sector is, for the moment, not malign.

3. THE GROWTH OUTLOOK

1.35 Medium-term economic growth depends on ensuring macro-economic stability (which India is achieving) and on creating an enabling environment for the private sector to invest which the new Government has embarked upon reflected in the policy reforms enacted thus far and described earlier. Fundamentally, India's medium-term growth prospects are promising, and trend rate of growth of about 7-8 percent should be within reach (Rodrik and Subramanian, 2004)[3] . With basic public good provision and investment tapping into cheap labour, India can easily get closer to its growth frontier laying a strong foundation for the long-run.

1.36 But India faces challenges. Investment has not durably rebounded as Figure 1.9 indicates.

Figure 1.9: Outlook on Projects



1.37 There are the usual headwinds from the external sector. But at the current conjuncture the gradual reversion to normal monetary policy in the US is less of a threat to India given the improved macroeconomic situation, broad balance in the external sector and reserves that provide a modicum of insurance against shocks. And, barring exceptional developments such as the ongoing turmoil in Russia, the external environment in terms of oil and agricultural commodity prices, is not likely to turn adverse.

1.38 Rather, India faces challenges that are mostly domestic. The most important amongst them relates to the experience of the last few years that led to over-exuberant investment, especially in the infrastructure and in the form of public private partnerships (PPPs). There are stalled projects to the tune of ₹ 18 lakh crore (about 13 percent of GDP) of which an estimated 60 percent are in infrastructure. In turn, this reflects low and declining corporate profitability as more than one-third firms have an interest coverage ratio of less than one (borrowing is used to cover interest payments). Over-indebtedness in the corporate sector with median debt-equity ratios at 70 percent is amongst the highest in the world. The ripples from the corporate sector have extended to the banking sector where restructured assets are estimated at about 11-12

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[1] Rodrik, D. and A. Subramanian (2004), " Why India Can Grow at 7 per cent or more: Projections and Reflections," IMF Working paper.

percent of total assets. Displaying risk aversion, the banking sector is increasingly unable and unwilling to lend to the real sector

1.39 India has been afflicted by what might be characterized as the "*balance sheet syndrome with Indian characteristics*." Like Japan after the real estate and equity boom of the late 1980s, and like the US after the global financial crisis, balance sheets are over-extended. The Indian case resembles Japan more than the US since it is firms' balance sheets (and not those of consumers) that are over-extended, exerting a drag on future investment/spending.

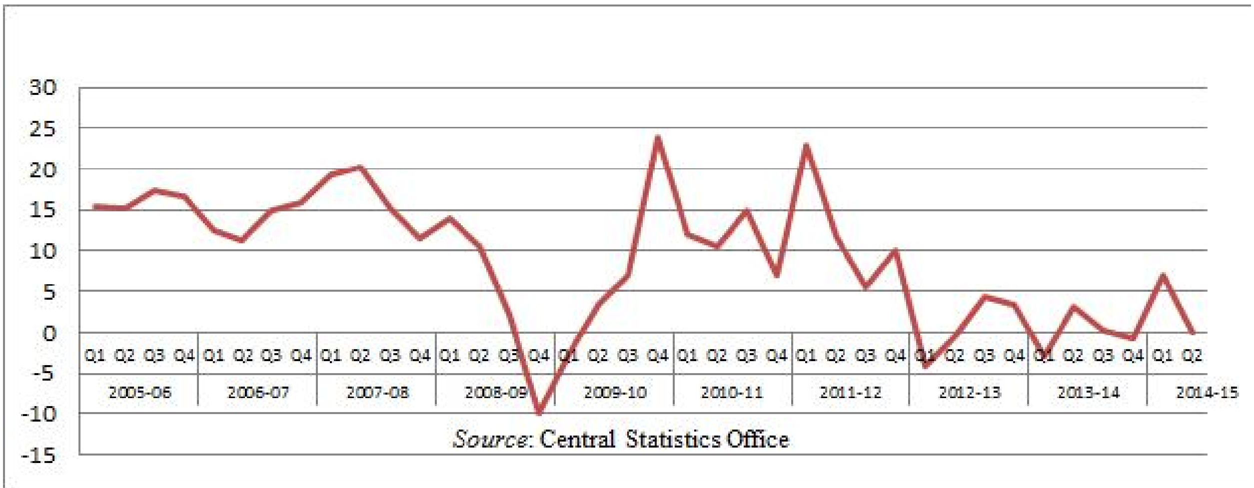
1.40 This syndrome has three distinctively Indian characteristics. *First*, India is not suffering from recession or stagnation. Economic growth, despite all the difficulties, is still 5.5 percent not 1 percent or negative.

1.41 *Second*, drawbacks in the Indian real sector co-exist not with weak macro-economic demand but with moderately strong demand (at least relative to supply) reflected in moderately high inflation and a moderately high current account deficit. Japanese and American balance sheet recessions were associated with price deflation. A consequence, which contrasts with the current predicament in the Euro area, is that India's fiscal indebtedness (i.e. the stock problem) has been improving courtesy of high inflation while that in the Euro area is worsening from deflation. Another consequence is that fiscal pump-priming is less of an option for India.

1.42 *Third*, perhaps even more distinctly, the Indian balance sheet problem has also arisen partly out of public sector financial concerns which led to the encouragement of private sector investment in infrastructure via the so-called public private partnership (PPP) model.

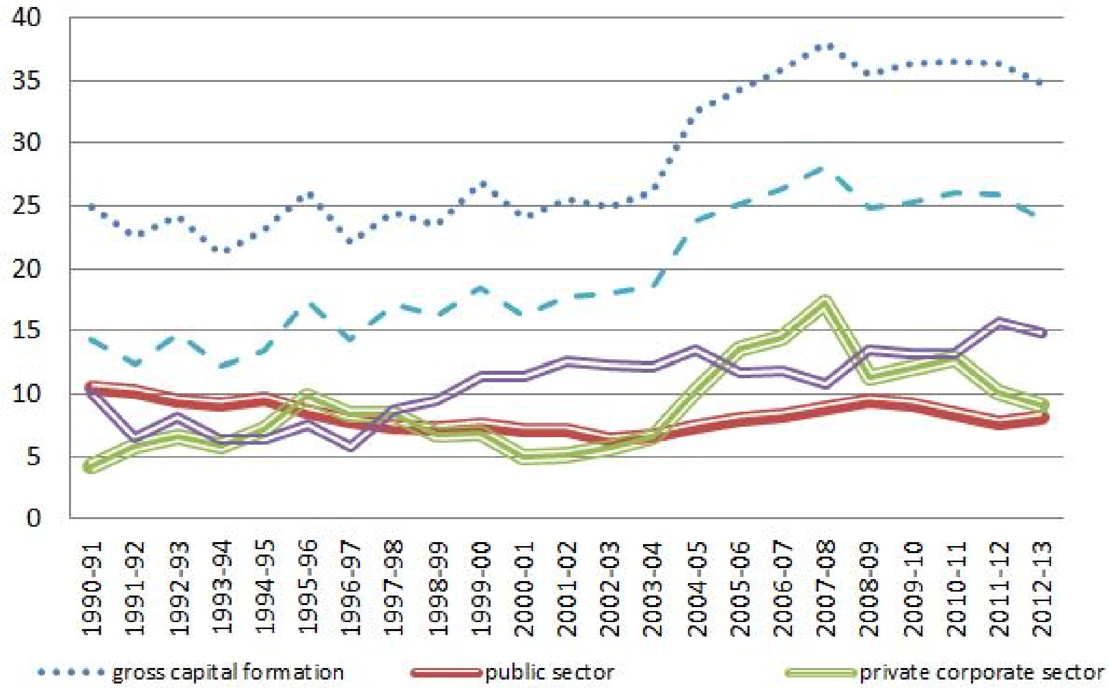
1.43 Figures 1.10 and 1.11 illustrate this. Growth in real capital formation was around 15 percent and private corporate investment surged, East-Asia-style, over a very short period from 6.5 percent in 2003-04 to 17.3 percent in 2007-08, amounting to an increase of nearly 11 percentage points of GDP. Investment was based largely on the perception that growth rates of 8.5 percent would continue indefinitely and banks, especially public sector banks could lend to private sector investors in infrastructure.

Figure 1.10: Growth Rate of Gross Fixed Capital Formation (Per cent)



Source: Central Statistics Office

Figure 1.11: Growth Rate of Gross Fixed Capital Formation (Per cent)



Source: Central Statistics Office

1.44 As the growth boom faded, projects turned sour, leaving a legacy of distressed assets. This stock problem is weighing down profits and hence investment. The problem is compounded by relatively weak institutions. Effective legal processes (the Corporate Debt Restructuring System and the SARFAESI Act) that can allocate the pain of past decisions between investors, creditors, consumers, and taxpayers are a work-in-progress.

The Way Forward

1.45 First, the backlog of stalled projects needs to be cleared more expeditiously, a process that has already begun. Where bottlenecks are due to coal and gas supplies, the planned reforms of the coal sector and the auctioning of coal blocks de-allocated by the Supreme Court as well as the increase in the price of gas which should boost gas supply, will help. Speedier environmental clearances, reforming land and labour laws will also be critical (see Box 1.2 for some ideas that have been suggested on how the recent Right to Fair Compensation and Transparency in Land Acquisition, Resettlement and Rehabilitation Act 2013 can be improved to reduce the obstacles to investment while protecting the most vulnerable, an objective that cannot be undermined).

1.46 But even if the backlog is cleared, there is going to be a flow challenge: attracting new private investment especially in infrastructure. The PPP model has been less than successful. The key underlying problem of allocating the burden from the past-the stock problem that afflicts corporate and banks' balance sheets-needs to be resolved sooner rather than later. The uncertainty and appetite for repeating this experience is open to question.

1.47 In this context, it seems imperative to consider the case for reviving public investment as one of the key engines of growth going forward, not to replace private investment but to revive and complement it. Note from Figure 1.5 above, that while private corporate investment surged in the boom phase, public investment too grew by about 3 percentage points. And just as corporate investment declined by 8 percentage points between 2007-08 to 2013-14, so too has public investment by about 1.5 percentage points. Pro-cyclical public investment during the downward phase has been driven in part by fiscal targets which have resulted in large cuts toward the end of the fiscal year as the constraints of fiscal consolidation have loomed large.

Box 1.2: Pragmatic Reform: The Case of the Land Acquisition Law*

Background

The new land acquisition Act is officially called the Right to Fair Compensation and Transparency in Land Acquisition, Resettlement and Rehabilitation Act 2013 (RTFCTLARR Act, (hereafter referred to as the 'new Act'). The Land Acquisition Act 1894 is referred to as the 'old Act'. While land is a state subject (Entry 18 of the State list), acquisition and requisition of property (including land acquisition) falls under Entry 42 of the Concurrent list.

The power of compulsory acquisition of land by the sovereign (albeit with compensation) under the concept of 'eminent domain' is well established in law worldwide. In democratic societies, this power is exercised for a 'public purpose'. The term 'public purpose' is very wide in its connotation and includes privately-executed projects if they result in an indirect public good or some larger good to society (including increased tax revenue or employment). There is also strong justification in the theory of political economy for acquisition to resolve certain types of market failure. Firstly, many development projects require blocks of land. Any individual can stall the process of private market purchase by refusing to sell or demanding a price disproportionate to the market value, even if the majority of owners are willing to sell. Secondly, in Indian conditions, land titles are often disputed and a private purchaser gets no better title than the seller, and this discourages market transactions. When land is acquired by Government, the title defects are automatically cured by statute and the allottee gets clean title. Thus provisions for compulsory acquisition are essential to economic development.

It is universally agreed that the old land acquisition procedure suffered from serious defects: perfunctory consultation of affected communities, little or no attention to minimising the extent acquired and exploring alternatives, absence of provisions for resettlement or rehabilitation (R&R) of those dependent on the land (like tenants and share croppers), scope for misuse of 'urgency' provisions in non-urgent cases and a strong bias towards inadequate compensation for land acquired. The new Act specifically addresses all of these issues.

The provisions under the new Act are conceptually sound. However, from a legal perspective there is scope to improve the drafting of the Act in order to avoid confusion and litigation. While many changes may be needed in the new Act, from a practical perspective the emphasis at present should be on balancing expeditious execution and judicious implementation without tinkering the salutary features of the new Act. The proposals are in three parts-those that can be implemented through rules and notifications, urgent (and politically non-controversial) measures needing legislation, and other measures.

Proposals that can be implemented without Central legislation (through rules or notifications):

1. <u>Issue notification exempting the special Acts</u>: The Act has a Fourth Schedule which lists certain special Acts which have their own procedures for land acquisition. The Central Government has the power to add new Acts into the Schedule. Section 105 allows the continuation of procedures laid down in those Acts, but requires the Central Government to issue a notification prescribing financial compensation and R&R benefits in accordance with the new Act. The Government has to issue this within one year of enforcement of the new Act. The Government should retain the salutary features of the new Act by issuing

instructions or rules under the special Acts requiring a modified /simplified SIA and consultation procedure. Such procedure should retain the core principles and requirements of consultation, of ensuring minimal acquisition and of net social benefit. Acquisition for projects in most infrastructure sectors could then proceed more quickly.

2. Modify SIA rules: The Act seems to be written largely based on the premise that the person whose land is acquired is rural, poor, and vulnerable. This may result in adverse consequences (extraordinarily high costs and undue enrichment) when land is acquired from those who are urban, rich and educated. (In future, most acquisitions are likely to be in urban or semi-urban areas.) The precise nature of the SIA process under the new Act is to be prescribed in the Rules. The rules should be modified by targeting the process towards the poor rather than all sections of society. For those not involving the weaker sections a greatly simplified and easy procedure can be prescribed.

3. Prescribe high limit for private purchases: The Act requires even a private purchaser to provide for R&R if the extent purchased (voluntarily without state involvement) exceeds prescribed limits. The limit, so far not been laid down, may be fixed at a level that can balance the interest of the seller(s) on one hand and developmental needs on the other, so as to provide incentives for private purchasers to acquire and develop the land.

4. Allow states to modify: Since the matter comes under the concurrent list, the Central Government should not hesitate to give freedom to the States to modify certain provisions of the Act.

Change requiring legislation

Change to vicarious criminal liability: The Act has introduced vicarious criminal penalties for Government servants and for company directors for wrongful acts committed by their subordinates even without their knowledge, and has reversed the onus of proof on these authorities. Misconduct by public servants is adequately covered by a host of laws and rules including the Indian Penal Code, the Prevention of Corruption Act, the Lok Pal Act and the various Conduct Rules. The new criminal penalties for acts committed by subordinates even without one's knowledge will act as a disincentive for officers to proceed on land acquisition. Unless the provision is repealed or confined to cases where the prosecution proves connivance (not mere negligence), the new Act cannot be a game-changer. An ordinance may be considered for this purpose.

Other changes requiring legislation:

In addition to rectifying various drafting errors and ambiguities, the following innovative suggestions have also been made which need to be examined further;

- Introduce a clause whereby the additional compensation above market value will be paid only if the owner agrees not to litigate: i.e. the owner should face a choice as below: (a) Take market value plus 30% solatium with a right to sue for additional compensation; or (b) Take 200% (urban) to 400% (rural) of market value and provide an acknowledgement of forbearing the right to sue for additional compensation in the future.

- The scope of the urgency clause (which allows the SIA to be dispensed with) is currently narrow (defence, national security etc.) and could be widened.

- R&R for privately negotiated purchases should only apply in Scheduled Areas, or where there is a complaint and there are sufficient grounds for the Government to deem it necessary.

* The discussion flows from the first session of the 'North Block Policy *Charcha*', held on December 9, 2014 in which the land acquisition law and pragmatic ways of reforming it were extensively discussed.

1.48 The case for public investment going forward is threefold. *First*, there may well be projects-for example roads, public irrigation, and basic connectivity--that the private sector might be hesitant to embrace. *Second*, the lesson from the PPP experience is that given India's weak institutions there are serious costs to requiring the private sector taking on project implementation risks: delays in land acquisition and environmental clearances, and variability of input supplies (all of which have led to stalled projects) are more effectively handled by the public sector. *Third*, the pressing constraint on manufacturing is infrastructure. Power supply and connectivity are key inputs that determine the competitiveness of manufacturing.

1.49 For these reasons, especially the difficulty of repeating past experience under conditions of weak institutions, *consideration should be given to address the neglect of public investment in the recent past and also review medium term fiscal policy to find the fiscal space for it*. It is worth emphasizing that India has a fiscal flow problem but not a stock problem because the ratio of Government debt to GDP has declined substantially over the last decade due to a combination of high growth and high inflation. Going forward debt dynamics will continue to work in India's favour as long as growth remains around 6 percent and the primary deficit remains in the current range of 1 percent of GDP. *A case not just for counter-cyclical but counter-structural fiscal policy, motivated by reviving medium-term investment and growth, may need to be actively considered.*

1.50 To be sure, a greater role for the public sector will risk foregoing the efficiency gains from private sector participation. A balance may need to be struck with targeted public investments, carefully identified and closely monitored, by public institutions with a modicum of proven capacity for efficiency, and confined to sectors with the greatest positive spill-overs for the rest of the economy. These may then be able to crowd in greater private investment.

1.51 Going forward, there is great reason for hope because in addition to important reforms such as liberalizing FDI in insurance, two game-changing reforms are on the horizon: (i) the increasing use of direct transfers, combining Aadhaar with Pradhan Mantri Jan Dhan Yojana, that could replace over time the full range of Government interventions in the economy-in cereals, oilseeds, sugar, fertilizers, kerosene, coal, power, etc.; and (ii) the Goods and Services Tax (GST). The recent introduction of such transfers to replace the cooking gas subsidy throughout the country heralds its wider use going forward. These transfers are necessary for prices to play their proper allocative role in the Indian economy. The key consequential advantage would then be to relieve the Government of its need to intervene in the price system through distortionary subsidization, and allow it to achieve efficient allocation of resources, thereby promoting economic growth.

1.52 The GST will have many lasting impacts. It will create a buoyant source of revenue and place the fiscal position on a permanently solid footing. It will help tax administration and reduce corruption in indirect tax collection. And it will serve to make India more of a common market. The elimination of the internal barriers to trade should be seen as a positive trade and productivity shock for the Indian economy. And less recognized is the fact that the GST will also be a redistributive exercise, transferring resources to the poorer states.

1.53 On many issues, of which the GST is just one example, the economy-wide impact of sound policies can only be realized if the States also implement reforms with zeal. Box 1.3 explores a few ideas that may help the centre act as a facilitator- assisting states to venture on the path of reforms, and reinforcing the dynamic of competition between States. India needs the strength and stability of a cooperative federalism while harnessing the dynamism and energy of a competitive federalism.

1.54 In sum, there is growing ground for hope but narrowing room for complacency.

Box 1.3: Reforms under Indian Federalism

It is now well recognized that many of the factors affecting economic development in India are no longer controlled by the central government. The landscape is increasingly characterized by both a horizontal and vertical devolution of power.

Horizontally, power has shifted from the executive and legislature to other institutions. In recent years, the Courts and the Comptroller and Auditor General have opined on, and sometimes intervened on economic policy on issues ranging from telecommunications, taxes, coal, entitlements and infrastructure.

The vertical devolution has taken the form of the States becoming important players in economic policy. The devolution was always inherent in the Constitutional allocation of power and responsibilities but it has become particularly salient for two reasons. As long as "the State" rather than markets determined resource allocation, it was only natural that the Centre would be the key player. Second, economic policy as an overwhelmingly macro-economic exercise (exchange rates, tariffs, industrial policy, capital flows) is giving way to policy as a more complex exercise, involving a broader range of issues and sectors that are more within the purview of the States. To put it simply, moving from first generation reforms to their successors also implies moving from the macro to the micro where State and local level issues that affect the transaction costs of doing business are increasingly salient. (An important exception to this trend of decentralization was the proliferation of centrally-sponsored schemes).

Reforms need to occur both at the Centre and by the States. Neither the Centre nor the States have had a monopoly on good or bad policies and both could learn from each other. But given the Centre's still important role in economic policy, the political mandate of the new Government, and the significant political alignment between the Centre and many of the States, the question of the Centre facilitating, even accelerating, reforms by the States acquires new salience.

A taxonomy helps understand the richness of the issues. The Centre can play four roles (not necessarily mutually exclusive) in facilitating reforms by the States:

- Reassuring;
- Incentivizing;
- Enabling; and
- Competing;

Reassuring the States: In some cases, reforms are held back because of a trust deficit between the Centre and States. The best example relates to the Goods and Services Tax (GST) where not just the possibility of reform but its specific design is being shaped by the States. States are understandably apprehensive about the loss of fiscal autonomy and of revenues under the GST. They need reassurance from the Centre that revenue losses will be made up. And they need these reassurances to be credible given that there is a backlog of compensation for losses that States suffered from the reduction in the CST rate going back to 2010-11.

Reassurance can be provided in two ways. First, the Centre can expeditiously clear the entire backlog of compensation. Second, looking ahead, the Centre could provide generous compensation in the future and give it clear statutory backing to reassure the States by cushioning them completely from any potential loss of revenue. The Centre can afford to be generous in this regard based on the confidence that the GST will be a buoyant tax for the States because of the substantial expansion in the base that will take place by virtue of the inclusion of services.

Incentivizing the States: Incentives can take the form of both positive and negative reinforcements (especially financial). It seems logical that positive incentives should be deployed to induce good reforms and negative incentives to reduce bad policies. For example, in order to induce the adoption or acceleration of reforms such as the move to direct benefit transfers, the Centre should offer financial incentives. They could take the form of increased resource transfers and could be implemented through the finance commission. Another recent example, relates to the coal auctions where buy-in from the States has been facilitated by allowing States to retain the proceeds from the auctioned blocks in their State.

In areas such as sugar, where some States' policies have distortionary effects on the markets, consideration should also be given to withholding rewards. For example, the Centre currently provides an interest subsidy on the loans extended to the sugar mills to clear their arrears to sugar cane farmers. This subsidy could be made conditional upon the States eliminating the policies that limit competition in the sugar cane sector as recommended in the Rangarajan Committee Report.

<u>Enabling the States</u>: In some cases, where the States take the initiative on issues on the concurrent list (for example, labour laws), the Centre may nevertheless need to enable these initiatives to be realized. The recent experience of Rajasthan's labour law reforms is instructive. Here the grant of a Presidential Assent allowed the reforms to take hold and supersede any constraints that may be imposed by overlapping central laws.

<u>Competing with the States</u>: In the recent years, the dynamic of competition between States has increasingly given an impetus to reforms in India. India's size, diversity and heterogeneity means that even if the country's business environment is deficient at an aggregate, there can still be pockets of a very favourable conditions in the country (Gujarat being the classic example). In principle, as long as there are a few such pockets, opportunities can be created and then these can travel to the rest of the country via the competition-between-states dynamic. This transmission happens in two ways: successful experiments serve as both "models" and "magnets". For example, Rajasthan's labour and land laws liberalization will elicit responses form others keen to emulate the Rajasthan model. But successful experiments will also force change elsewhere because they will serve as a magnet, attracting capital, labour, and talent away from unsuccessful states. The "market preserving federalism" was an important facet of China's reforms.

But there is no reason why the Centre cannot become an active participant in this competition dynamic (of course, the Centre should be careful that it does not threaten the states to the extent that they start undermining federalism itself). Many of the State distribution companies are loss-ridden and survive in part because they are monopsony buyers from the power generators. The Ministers for Railways and Infrastructure have recently proposed to limit this monopsony and create a more competitive market by allowing generators to sell to a wider range of distribution companies. Vinayak Chatterjee (Business Standard, 2014) has gone further and proposed the creation of a national power distribution company (NPDC) that would effectively compete with the state distribution companies. An NPDC would be able to pick up spare stranded capacity and act as an effective market maker for power generators.

If the centre can add to the competition-between-states dynamic by itself competing with the States, it can take this one step further by promoting competition-between-cities. If, for example, greater significance could be provided to the 74th Constitutional Amendment by the Centre (or the states themselves) for providing cities with independent sources of finance, they could acquire real autonomy and power (see Kapur, Somanathan, and Subramanian 2014)*. This would not only provide cities with credibility in terms of governance and decision-making, but also promoting better urbanization and injecting vitality and competition to the policy-making process.

The increasingly federal character of India's economic policy-making affords rich opportunities for finding creative solutions to difficult and seemingly intractable problems, and making India a model of cooperative and competitive federalism.

*Kapur, Devesh, TV Somanathan & A Subramanian, "Land Shackled I & II", Business Standard, July 2014.

CHAPTER II

CENTRAL GOVERNMENT FINANCES

A. REVIEW OF TRENDS IN RECEIPTS AND EXPENDITURE DURING APRIL-SEPTEMBER 2014

The General budget 2014-15 was presented against the backdrop of below 5 per cent growth rate in the preceeding two financial years. The other challenges included pressure on tax revenues, external uncertainties and the need for pro-active welfare measures to protect the vulnerable sections of the society. The Union Budget 2014-15 indicated the policy response to these challenges and is an important step towards fiscal consolidation.

2.2 In Budget Estimates (BE) 2014-15, fiscal deficit and revenue deficit are budgeted at ₹ 5, 31,177 crore (4.1 per cent of GDP) and ₹ 3, 78,348 crore (2.9 percent of GDP) respectively. The effective revenue deficit, which represents the imbalance in revenue account after netting grants used for creation of capital assets, has been estimated at ₹ 2,10,244 crore i.e. 1.6 per cent of GDP.

2.3 The fiscal policy of 2014-15 has been calibrated with two objectives-first, to aid economy in growth revival and second, to continue on the path of fiscal consolidation. It also aimed at facilitating greater flow of resources for productive purposes and investment, and maintaining expenditure restraint while ensuring resources for priority flagship schemes. Accordingly, the Budget for 2014-15 estimated an overall expenditure growth of 14.8 per cent over provisional actuals (PA) 2013-14, with a growth of 9.9 per cent in non-plan expenditure and 26.9 per cent in plan expenditure.

2.4 As per the data released by Controller General of Accounts (CGA), fiscal deficit was ₹ 4,38,826 crore; revenue deficit was ₹ 3, 45,053 crore and total non-debt receipts were ₹ 4, 23,227 crore while total expenditure was ₹ 8, 62,053 crore at the end of the first half (H1) of the financial year 2014-15. Trends in receipts at the end of the H1 2014-15 are summarized in Table 2.1. The figures for 2013-14 and 2014-15 therein are unaudited and may undergo revision subsequent to audit. The receipts and recoveries, wherever directly linked to expenditure, have been netted.

B. RECEIPTS

Revenue Receipts

2.5 Revenue receipts of the Centre comprising net tax revenue and non-tax revenue were estimated at ₹ 11, 89,763 crore in BE 2014-15 reflecting a growth of 17.2 per cent over PA of 2013-14. Growth in total revenue receipts during the H1 of 2014-15 is 7.2 per cent over the corresponding period in 2013-14 and in terms of quarterly outcome (year-on-year-Y-O-Y) continued to reflect uneven growth. Y-O-Y quarterly growth in Net tax revenue receipts during 2012-13, 2013-14 and 2014-15 is shown in figure 2.1.

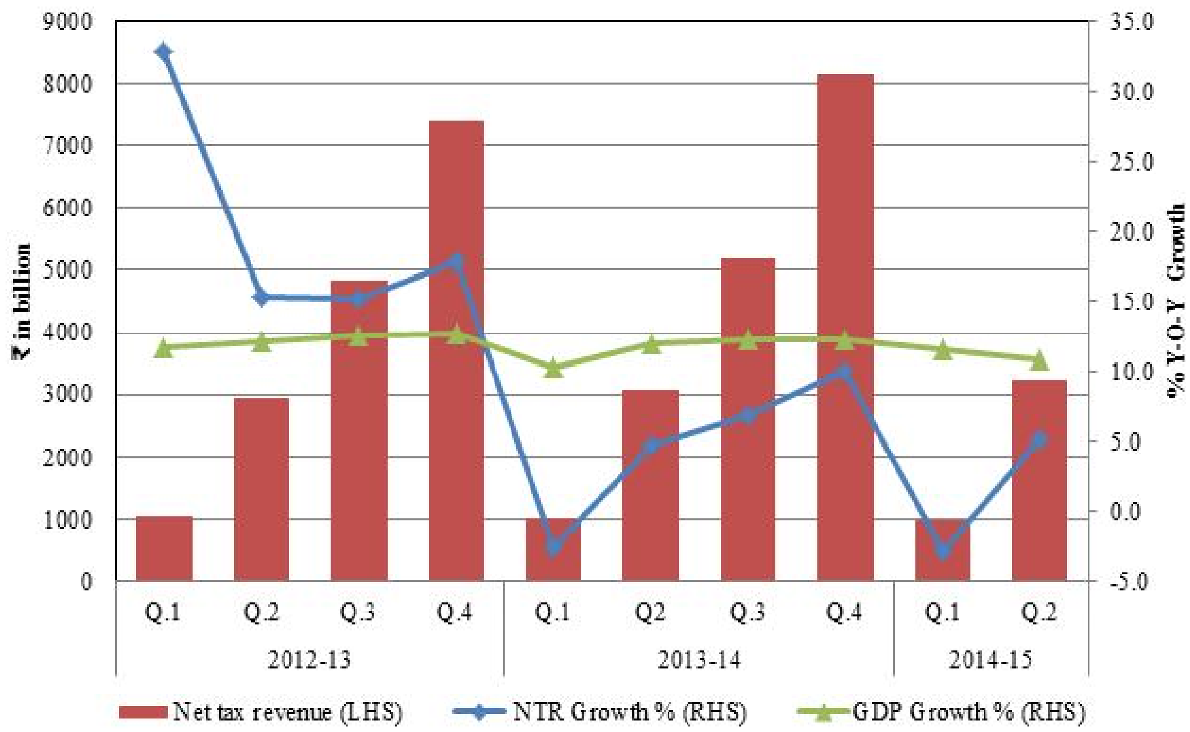
Table 2.1: Total Receipts of the Central Government (April–September)

(₹ crore)

	2011-12	2012-13	2013-14	2014-15
Revenue Receipts	305528	350888	389904	417896
As percentage to Budget Estimates	38.7	37.5	36.9	35.1
Tax Revenue (Net)	254731	293812	307589	323191
Corporation Tax	127375	142965	153728	162269
Taxes on income other than Corporation Tax	66249	82598	97773	109412
Other Taxes	2999	2509	2740	3730
Total Direct Taxes	196623	228072	254241	275411
Customs	74808	78557	83027	87408
Union Excise Duties	59315	67424	61928	60547
Service Tax	37049	49103	57102	65201
Other Taxes	1558	1740	1874	2051
Total Indirect Taxes	172730	196824	203931	215207
Total Gross Tax Revenue	369353	424896	458172	490618
Non-Tax Revenue	50797	57076	82315	94705
Capital Receipts	293565	343131	419146	444157
Non Debt Capital Receipts	12755	6227	7058	5331
Recovery of Loans	10024	4855	5579	5210
Other Receipts	2731	1372	1479	121
Borrowings and other liabilities	280810	336904	412088	438826
Total Receipts	599093	694019	809050	862053

Source: Controller General of Accounts

Figure 2.1: Net Tax Revenue, its rate of Growth and Growth of GDP



Gross Tax Revenue

2.6 During the H1 2014-15, direct tax refunds were ₹ 78,475 crore as against ₹ 50,371 crore during corresponding period of previous year (COPPY). Gross tax revenue in BE 2014-15 was estimated to grow by 19.8 per cent over the receipts of 2013-14 (PA). Gross tax revenue receipts till September 2014 were 36 per cent of BE and showed a growth of 7.1 per cent over COPPY.

Direct Taxes

2.7 Gross direct tax collection increased by 8.3 per cent during H1, 2014-15 over H1, 2013-14. Typically, direct tax revenue has a seasonal pattern as the revenue flow in the first two quarters of the financial year is lower as compared to the last two quarters of a year, mainly on account of the large refund outgo in the first quarter of the year. Performance of the components of direct taxes is analysed below.

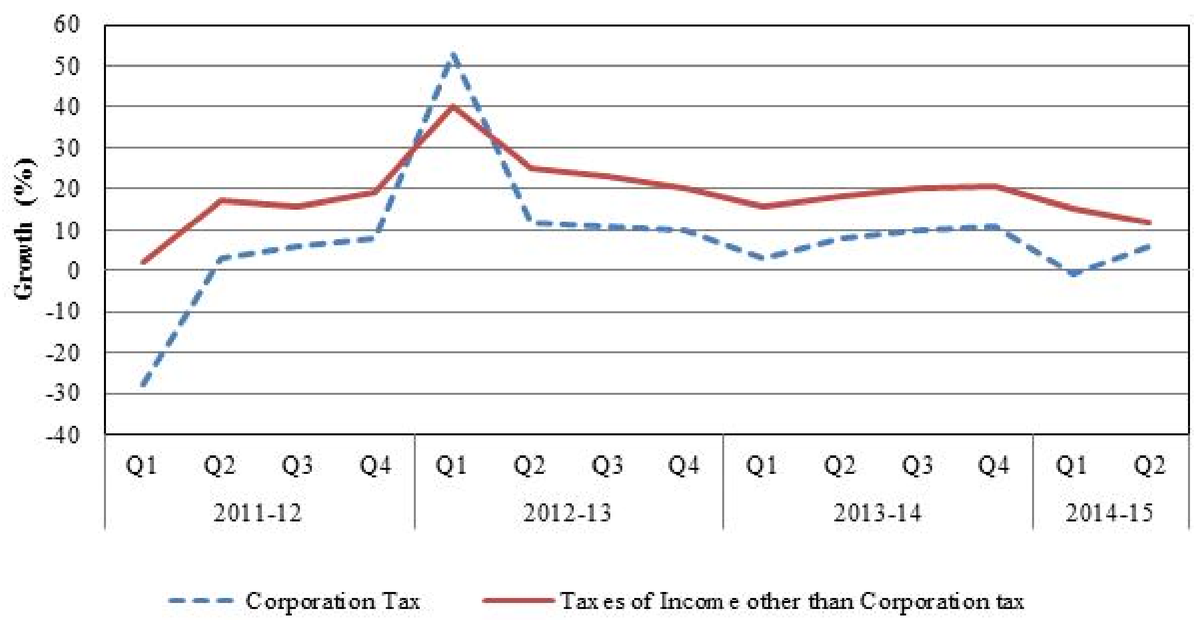
Corporation Tax

2.8 Corporation tax continues to be the largest component of gross tax revenue. During H1 of 2014-15, it showed a growth of 5.6 per cent over 2013-14 COPPY. The BE 2014-15 estimated a growth of 14.3 per cent over the receipts in 2013-14 (PA).

Taxes on Income other than Corporation Tax

2.9 Collection of taxes on income other than corporation tax were estimated at ₹ 2, 78,275 crore in the B.E. 2014-15 which was 17.0 per cent higher than receipts during 2013-14 (PA). Total collection reflected a growth of 11.9 per cent over the COPPY.

Figure 2.2 : Growth of Direct Taxes



Indirect Taxes

2.10 The gross indirect tax collection during the H1 of 2014-15 reflected a growth of 5.5 per cent over collection during COPPY. It is however, much lower than the implied growth of 25.8 per cent in BE 2014-15 over PA of 2013-14. The growth slowdown in both nominal and real terms has weighed on the outcome in terms of collection of indirect taxes. Performance of the important components of indirect taxes is analysed in the following paragraphs.

Customs

2.11 The growth of customs duty collection during H1of 2014-15 is only marginally better than the last year. The revenue from customs duty in Budget 2014-15 envisaged a growth of 17.2 per cent over 2013-14 (PA).

Union Excise Duties

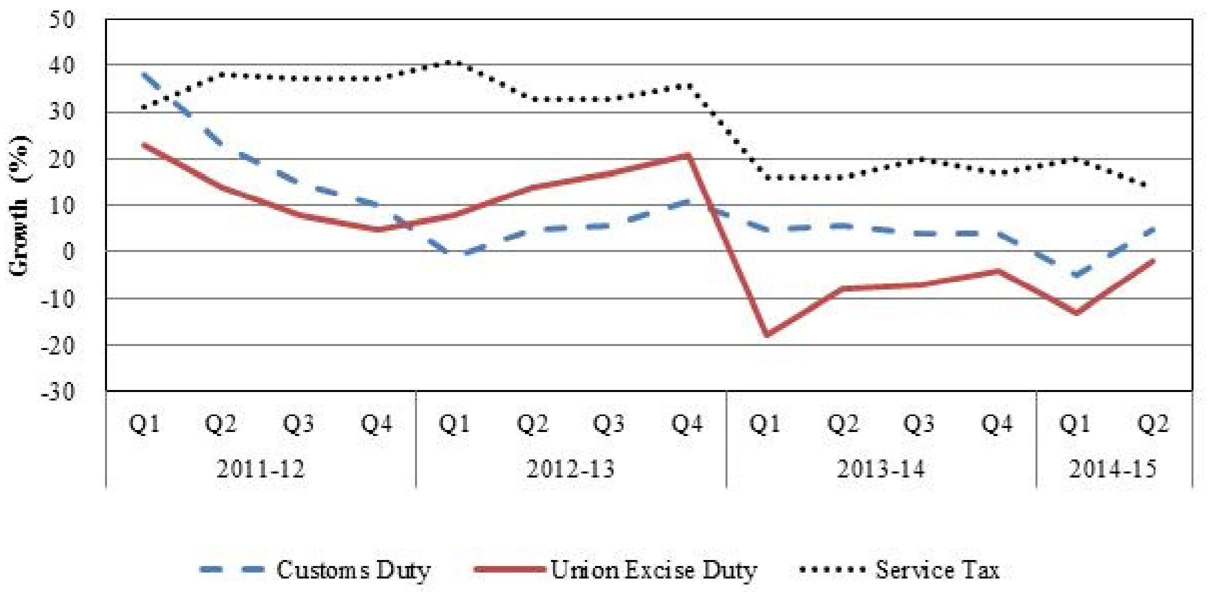
2.12 Revenue from Union excise duties in BE 2014-15 reflected a growth of 22.2 per cent over 2013-14 (PA). In the first half of 2014-15, the revenue collected under this component declined by 2.2 per cent over the collections during COPPY 2013-14 and is 29.0 per cent of BE 2014-15. The stimulus package announced for automobile sector and consumer durable goods sector in the interim budget 2014-15 and a slowdown in manufacturing sector in the second quarter of 2014-15 have led to lower than estimated growth in excise duty collections.

Service Tax

2.13 Service Tax in BE 2014-15 reflected a growth of 39.7 per cent over 2013-14 (PA). In the first half of the current fiscal, the receipts showed a growth of 14.2 per cent over the collections made during the corresponding period of 2013-14. The amount collected during H1, 2014-15 constituted 30.2 per cent of BE 2014-15.

2.14 Overall, on the tax revenue side, the trend growth in the mid-year is less than estimated. Nevertheless, it is expected that with the pick up in the economic activity as well as pro-active policy measures viz., hike in excise duties on petrol and diesel and import duties of select items would help the Government plug the revenue gap in the second half.

Figure 2.3 : Growth of Indirect Taxes



Non Tax Revenue

2.15 Non tax revenue till September 2014 amounted to 44.6 per cent of the BE 2014-15 and recorded a growth of 15.1 per cent over receipts during the COPPY.

Non-debt Capital Receipts

2.16 The receipts on account of recoveries of loans in the H1 of the current fiscal was ₹ 5,210 crore in comparison to ₹ 5,579 crore during the COPPY. This constituted 49.5 per cent of BE 2014-15. Other receipts (that is, disinvestment receipts) for the H1 of 2014-15 are ₹ 121 crore against ₹ 1479 crore during the COPPY. Efforts are underway for expeditious disinvestment to achieve the target of ₹ 63,304 in the remaining period of 2014-15. Overall, non-debt capital receipts during H1 2014-15 were 7.2 per cent of BE.

C. EXPENDITURE

Total Expenditure

2.17 In the Budget 2014-15, total expenditure is estimated at ₹17, 94,892 crore (13.9 per cent of the GDP), up by 14.8 per cent over provisional actual of ₹ 15, 63,485 crore in 2013-14. Growth in plan expenditure was estimated at 26.9 per cent and non-plan expenditure at 9.9 per cent over 2013-14 (PA). Total expenditure during H1 2014-15 at ₹ 8,62,053 crore amounts to 48.0 per cent of the BE 2014-15 which was marginally higher than five years' moving average of 47.0 per cent. Total expenditure in the first half of 2014-15 reflects a growth of 6.6 per cent in expenditure over ₹ 8, 09,050 crore during the COPPY. The trends in Central Government's expenditure are presented in Table 2.2.

Table 2.2: Total Expenditure of the Central Government (April–September)

(₹ crore

	2011-12	2012-13	2013-14	2014-15
Plan Expenditure	177823	202740	236116	246289
As percentage of BE	40.3	38.9	42.5	42.8
On Revenue Account	151033	167499	193018	194747
On Capital Account	26790	35241	43098	51542
Non-Plan Expenditure	421270	491279	572934	615764
As percentage of BE	51.6	50.7	51.6	50.5
On Revenue Account	376275	446673	519163	568202
of which Interest Payments	122499	131165	160027	185670
On Capital Account	44995	44606	53771	47562
Total Expenditure	599093	694019	809050	862053
As percentage of BE	47.6	46.5	48.6	48.0
Revenue Expenditure	527308	614172	712181	762949
of which Grants for creation of Capital Assets	51411	50656	69518	66269
Capital Expenditure	71785	79847	96869	99104

Source: Controller General of Accounts

2.18 Revenue expenditure for BE 2014-15 was estimated at ₹15, 68,111 crore (12.2 per cent of GDP), up by 14.0 per cent over PA of ₹ 13, 75,590 crore in 2013-14. During H1 2014-15, this went up by 7.1 per cent over COPPY. Revenue expenditure up to September 2014 amounts to 48.7 per cent of the BE 2014-15 which is marginally higher than the 5 years moving average of 48.1 per cent of the BE marginally lower than 49.6 per cent during April-September, 2013.

2.19 Capital expenditure for 2014-15 was budgeted at ₹ 2, 26,781 crore (1.8 per cent of GDP), up by 20.7 per cent over actual expenditure of ₹ 1, 87,895 crore in 2013-14. Capital expenditure during H1 2014-15 reflected a marginal growth of 2.3 per cent over COPPY. Capital expenditure during the H1 2014-15 is 43.7 per cent of the BE 2014-15 and is higher than five years moving average of 40.2 per cent.

Plan Expenditure

2.20 Plan expenditure during 2014-15 was budgeted at ₹ 5, 75,000 crore, anticipating growth of 26.9 per cent over 2013-14 (PA). Plan expenditure during the H1 2014-15 showed a growth of 4.3 per cent over COPPY and was 42.8 per cent of the BE 2014-15. This shows a marginally higher pace of plan expenditure compared to five years moving average of 41.2 per cent.

Non Plan Expenditure

2.21 Non-plan expenditure was estimated in BE 2014-15 at ₹ 12, 19,892 crore reflecting growth of 9.9 per cent over the 2013-14 (PA) and constitutes 68.0 per cent of the total budgeted expenditure in 2014-15. Non-plan expenditure during the H1of 2014-15 showed a growth of 7.5 per cent over expenditure during COPPY. Non-plan expenditure in the H1 is 50.5 per cent of the BE 2014-15 which is close to five years moving average of 50.1 per cent of BE. In absolute terms, there was an increase of ₹42,830 crore in the non-plan expenditure during H1of 2014-15 when compared to the COPPY. This increase was largely on account of three items: namely, interest payment (which increased by ₹25,643 crore); major subsidies (which showed an increase of ₹1,665 crore); and pensions (which increased by ₹11,919 crore). While the three components also went up last year indicating a structural problem; a compositional shift is discernible indicating a marginal increase in subsidies relative to the other two. During H1 2014-15, petroleum subsidy declined by ₹ 7978 crore over COPPYreflecting the reforms undertaken in hydro carbon pricing accompanied with a sharp decline in crude oil prices.

D. RESOURCES TRANSFERRED TO STATES/UTS

2.22 Against the BE of ₹7,78,966 crore for transfers to States/UTs, the actual resources transferred to States/UTs during the H1 of 2014-15 is ₹3,32,607 crore. This showed a growth of 35.2 per cent over ₹ 2,46,009 crore transferred during COPPY. Of this, ₹ 3,31,054 was transferred to State Governments and the balance of ₹ 1,531 crore to UT Governments.

E. DEFICIT

2.23 As against the B.E. of ₹ 5, 31,177 crore, fiscal deficit till September, 2014 is ₹4, 38,826 crore which amounts to 82.6 per cent of the BE2014-15 and is much higher than the five years' moving average of 58.8 per cent. The total expenditure of the Government till September, 2014 was 48 per cent of BE 2014-15; on the other hand, receipts (excluding borrowings) were only 33.5 per cent of BE. Therefore, the receipts were sufficient to cover only 49.0 per cent of the expenditure leaving a deficit of ₹ 4, 38,826 crore.

2.24 Revenue deficit for April-September, 2014 was ₹ 3,45,053 crore as against the budget estimates of 2014-15 of ₹ 3,78,348 crore. Revenue deficit at ₹3,45,053 crore amounts to 91.2 per cent of BE which is higher than the COPPY level of 84.8 per cent of B.E. and much higher than the five years' moving average of 63.5 per cent. In the current year, refunds in direct taxes during the H1 (₹ 78,475crore) are higher than the H1 of previous year (₹50,371 crore in 2013-14) and growth in indirect taxes was also lower than expectation. There are seasonalities in revenue collected, particularly in direct taxes, which indicates that a pick up in the second half and moderation in expenditure could limit the overshooting of deficit levels. Besides, several disinvestment proposals in the pipeline would serve to mop up more non-debt receipts in the second half of 2014-15. Trends in various deficit indicators in both actuals as well as in terms of percentage of BE up to the Q2 of respective financial years are shown below in Table 2.3.

Table 2.3: Deficit Indicators of the Central Government (April – September)

(₹ crore)

	2011-12	2012-13	2013-14	2014-15
Revenue Deficit	221780	263284	322277	345053
As percentage to BE	72.2	75.1	84.8	91.2
Effective Revenue Deficit	170369	212628	252759	278784
As percentage to (BE)	106.2	114.5	123.2	132.6
Fiscal Deficit	280810	336904	412088	438826
As percentage to (BE)	68.0	65.6	76.0	82.6
Primary Deficit	158311	205739	252061	253156
As percentage to (BE)	109.3	106.1	146.7	243.0

Source : Controller General of Accounts

Financing of deficit

2.25 The fiscal deficit of ₹4,38,826 crore on Consolidated Fund of India in the H1 of 2014-15 was financed by raising internal debt of ₹2,86,102 crore, external debt of ₹ 3,136 crore, ₹ 55,663 of Public Account and disinvestment/cash draw down of ₹ 93,925 crore (Table 2.4).

Table 2.4: Financing of Deficit

(₹ crore)

	April-Sept.2013	April-Sept. 2014
Fiscal Deficit	4,12,088	4,38,826
Sources of Financing		
Internal Debt	3,01,944	2,86,102
(a) Market Loans & Short Term Borrowings	3,18,240	3,15,214
(b) Treasury Bills (14 days)	-68,373	-24,852
(c) Compensation and Other Bonds	-110	-50
(d) Others	52,187	-4,210
External Assistance including Revolving Fund	826	3,136
Cash Draw Down Decrease (+)/Increase (-)	67,508	63,674
Investment of Surplus cash (-)/ disinvestments (+)	13,978	30,251
Borrowing (-)/Surplus (+) on Public Account*	27,832	55,663

* Includes Suspense & Remittances

Source: Controller General of Accounts

2.26 Gross and net market borrowings during the H1 of 2014-15 amounted to ₹ 3,52,000 crore and ₹2,76,887 crore respectively and they accounted for 58.7 per cent and 60.0 per cent of the estimated market borrowings for the year respectively. During COPPY, gross and net borrowings accounted for 59.4 per cent and 55.6 per cent of budget estimates, respectively. The weighted average maturity of dated securities issued till the end of H1 2014-15 at 14.4 years was lower than 14.5 years during the COPPY. The weighted average yield of dated securities issued during the same period was 8.81 per cent as compared to 8.15 per cent during the first two quarters of F.Y. 2013-14.

Cash Management

2.27 Government began the year 2014-15 with an investment surplus of ₹ 50,000 crore and cash balance of ₹ 72,637 crore. The first quarter of the financial year ended with a cash balance of ₹ 100 crore and investment surplus of ₹ 18,285 crore. The second quarter of the financial year ended with cash balance of ₹ 10 crore and investment surplus of ₹19,749 crore. The net collection under National Small Savings Fund during H1 2014-15 is ₹ 22,281 crore as against ₹28,770 crore during the COPPY.

E. ASSESSMENT VIS-À-VIS MID-YEAR FRBM BENCHMARKS

2.28 Under Rule 7 of the FRBM Rules, 2004, Government is required to take appropriate corrective measures in case the outcome of the second quarter review shows that:

(i) The total amount of non-debt receipts are less than 40 per cent of budget estimates for that year; or

(ii) The fiscal deficit is higher than 60 per cent of the budget estimates for that year; or

(iii) The revenue deficit is higher than 60 per cent of the budget estimates for that year.

The outcome in the H1 2014-15 falls short of the targets vis-a-vis the benchmark of non-debt receipts, fiscal deficit and revenue deficit. The details are shown in Table 2.5. Nevertheless, the fiscal outcome at the end of the year expressed in terms of proportion of GDP was in line with Budget estimates during the last two years. This indicates that with continued oversight and corrective measures, the fiscal outcome could improve.

Table 2.5 : Outcome versus mid-year benchmarks under FRBM rules

Variable	Performance benchmarks under FRBM Rules	April-September				
		2014	2013	2012	2011	2010
Total Non-Debt	Not Less than 40	33.5	35.4	36.5	37.7	55.6
Fiscal Deficit	Not more than 60	82.6	76.0	65.6	68.0	34.9
Revenue Deficit	Not more than 60	91.2	84.8	75.1	72.2	27.1

Note : Revised FRBM Rule notified on May 7, 2013

2.29 Government is continuously monitoring the emerging economic scenario and is taking measures for reviving growth. Government has adopted revised roadmap for fiscal consolidation following the amendment to the FRBM Act in 2012. In the revised roadmap, fiscal consolidation is designed with judicious mix of reduction in total expenditure as a percentage of GDP and improvement in gross tax revenue as a percentage of GDP.

The Government has been taking following steps to achieve the objective of fiscal consolidation:

- Government has imposed economy measures for rationalization of expenditure which include 10 % mandatory cut on Non Plan expenditure in the current financial year, ban on creation of Plan and Non-Plan posts, restrictions of foreign travel, restrictions on re-appropriation of funds, strict observance of discipline in fiscal transfers to States, Public Sector Undertakings, Autonomous Bodies, etc.

- Government has also introduced a 'Medium-term Expenditure Framework Statement', setting forth a three-year rolling target for expenditure indicators with a view to undertaking a de-novo exercise for allocating resources for prioritized schemes and weeding out others that have outlived their utility.

- To mobilize higher amount of resources, Government has been taking administrative and legislative measures. Government is making efforts for broadening tax base, tax administration reforms through expansion of field units and increased use of technology. In addition to this, several measures have been taken by the Government to improve the revenue collections such as risk management system, special audit, speedier adjudication, liquidation of arrears, speedy disposal of confiscated/seized goods etc.

- Constitution of Expenditure Management Commission to look into various aspects of expenditure reforms to be undertaken by the Government is an important step forward to achieve the goal of fiscal consolidation. It may review the allocative and operational efficiencies of Government expenditure to achieve maximum output.

- The first half of 2014-15 witnessed some major policy reforms in the subsidy regime; the modified direct benefit transfer scheme has been relaunched; the new domestic gas pricing policy has been approved and diesel prices have been deregulated. These on the one hand would reduce the inefficient diversion of subsidies and also on the other hand, are expected to bring down the fuel subsidy bill significantly.

- Government is also taking concerted efforts towards reaching a consensus on the draft Constitution Amendment Bill on Goods and Service taxes. The introduction of GST would be an important tax reform measure for improving tax efficiency.

F. CONCLUSION

2.30 Adhering to the fiscal deficit target of 4.1 per cent of GDP in 2014-15 is a major challenge. The Government, with its commitment to fiscal consolidation, is addressing the challenges on various fronts that impact the fiscal deficit. A pick-up in economic activity in the second half of the year is critical to prevent a slippage and to meet the overall fiscal deficit target during 2014-15.

CHAPTER III

OVERVIEW OF THE ECONOMY

GROWTH IN THE FIRST HALF OF 2014-15

3.1 The economy registered a growth of 5.5 per cent in the first half (H1) of the current financial year (Table 3.1). This is distinctly higher than the growth recorded in H1 and second half (H2) of the previous year, 2013-14, and is also in tandem with the projection of the full year growth of 5.4 to 5.9 per cent made in the Economic Survey 2013-14 as well as is in line with the initial expectations of the Government of a gradual pick-up in growth. This is also close to the projections made by several international agencies viz. IMF, World Bank, ADB, etc. The World Economic Outlook of the IMF of October 2014 expects the growth of the Indian economy to be 5.6 per cent for the year 2014-15. India is one of the few economies for which the IMF has raised the growth projections in their October Outlook vis-à-vis the updated outlook presented in July 2014.

Table 3.1: Growth Rates in Indian Economy (per cent y-o-y at constant prices)

Items	2013-14		2014-15		
	H1	H2	Q1	Q2	H1
Agriculture, forestry & fishing	4.5	4.9	3.8	3.2	3.5
Industry	1.1	-0.3	4.2	2.2	3.2
Mining & quarrying	-2.0	-0.8	2.1	1.9	2.0
Manufacturing	0.1	-1.5	3.5	0.1	1.8
Electricity, gas & water supply	5.8	6.1	10.2	8.7	9.5
Construction	2.7	0.7	4.8	4.6	4.7
Services	6.8	6.8	6.8	7.1	6.9
Trade, hotels, transport & communication	2.6	3.4	2.8	3.8	3.3
Financing, insurance, real estate and business services	12.5	13.2	10.4	9.5	10.0
Community, social & personal services	6.8	4.4	9.1	9.6	9.4
GDP at factor cost	4.9	4.6	5.7	5.3	5.5

Source: Central Statistics Office (CSO)

3.2 The October World Economic Outlook of IMF indicates that global recovery remains uneven. Weaker-than-expected activity in the H1 of 2014 led to downward revision in the growth rate of world output to 3.3 percent in 2014, which is 0.1 percentage point lower than the July projections, mainly on account of downward revision in Euro Area, Japan and Latin America. The projected growth for Advanced and Emerging Market and Developing Economies is 1.8 per cent and 4.4 per cent respectively for the year 2014. According to the IMF, downside risks have increased. Short-term risks emanate from worsening of geopolitical tensions and volatility compression in financial markets. Medium-term risks include stagnation and low potential growth in advanced economies and a decline in potential growth in emerging markets. Growth seems to be on a firmer footing in the United States and Canada after a slowdown in the first quarter (Q1) of 2014. Against this global background, India's growth in H1 2014-15 is broadly satisfying.

3.3 Among the major sectors, agriculture and allied sectors expectedly registered a lower growth rate, while industry and services grew at higher rates in the first half of 2014-15 vis-à-vis the first half of 2013-14 (Table 3.1).

3.4 The fact that agriculture and allied sectors have managed to grow at a rate of 3.5 per cent in the first half of 2014-15, which is also slightly higher than the historical average, despite the not-so-favourable monsoon and the first advance estimates of lower production of cereals, pulses and oilseeds shows that the sector's vulnerability to adverse monsoons has considerably diminished. The performance of agriculture sector is all the more creditable as it has been achieved over a robust growth of 4.5 per cent in the first half of 2013-14. The growth of the sector may have been boosted by the production of fruits and vegetables, livestock products, forestry and fisheries.

3.5 The industrial sector presents a mixed picture. It is clear from the figures above and the disaggregated figures from the index of industrial production (IIP) that the industrial sector could not sustain the momentum achieved in Q1. Manufacturing growth got dampened in Q2, mainly on account of contraction in capital goods and consumer non-durables. While consumer durables have been contracting for seven consecutive quarters from Q4 2012-13, capital goods continued the recent trend of volatility by moving from a double digit growth in Q1 to contraction in Q2.

3.6 The growth in 'trade, hotels, transport and communication services' and in 'financing, insurance, real estate and business services' is largely related to the buoyancy in the commodity producing sectors (Box 3.1). Evidently, expansion in manufacturing in Q1 and reasonable growth in agriculture and allied sectors have resulted in some pick up in domestic trade and transport sectors in Q2 with improvement in the net tonne kilometres of the railways and reasonably good growth in port and air cargo. The communication revolution that yielded an average annual growth of around 20 per cent in the real gross value of the sector during the two decades starting 1992-93 is on the wane since 2012-13. However, the sector appears to have achieved a reasonable growth on the back of growth of 6.5 per cent in telephone connections during Q2 2014-15.

Box 3.1: Growth linkages in the economy

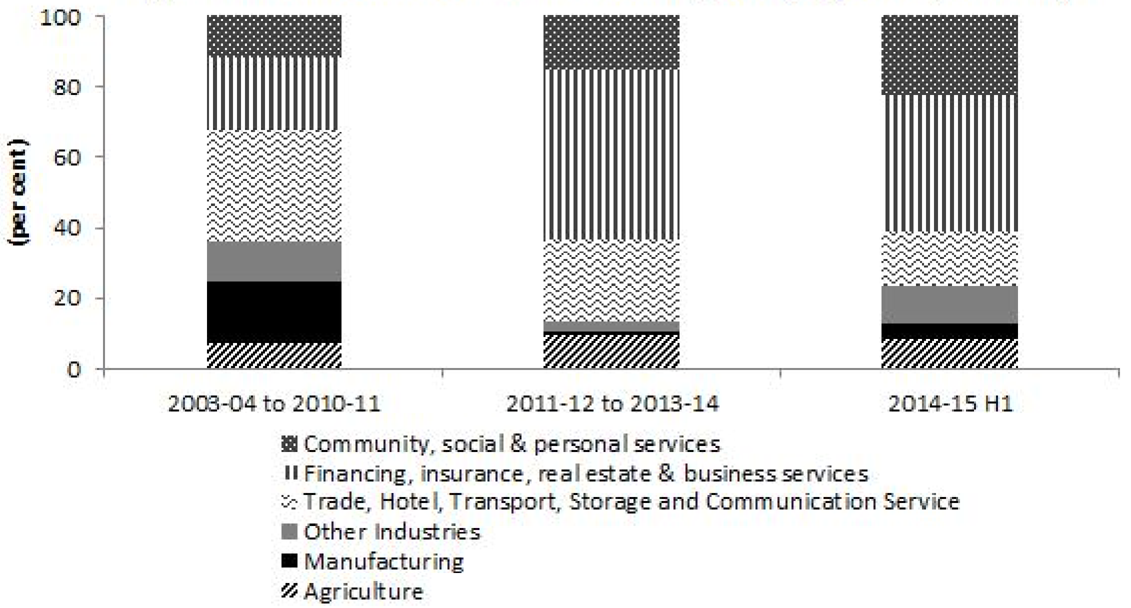
The service sector contributes the most to the overall growth of GDP. However, it would be naïve to assume that growth in the services sector can continue on its own, irrespective of the performance in other sectors, especially manufacturing.

An analysis of the cross-correlation between quarter-wise growth in different sectors reveals that the growth in 'trade, storage and transport and communications' is closely correlated with pick-up in manufacturing and that the pick-up in the former following a pick-up in the latter is instantaneous (i.e. without a lag). This is noteworthy against the background that these two are currently holding back acceleration towards faster growth. Significant cross-correlation is also noticed in the 'trade, storage and transport and communications' sector vis-à-vis construction and mining. The simple result is insightful because measures required to support a revival in manufacturing are often better understood vis-a-vis those required to encourage services.

The growth in the other important services sub-sector, 'financing, real estate and business services', could not be meaningfully correlated with growth in the commodity producing sectors, suggesting that the sector has been growing almost at an auto-pilot mode in the recent years.

3.7 'Financing, insurance, real estate and business services', have been the most dynamic sectors in the economy for 10 consecutive quarters till Q1 2014, growing by 10 per cent in H12014-15. The sector that accounted for about 14.6 per cent of the GDP in 2003-04 contributed about 20.7 per cent of the total growth of the economy during the high growth period from 2003-04 to 2010-11 (Figure 3.1). When growth decelerated sharply during the three year period, 2011-12 to 2013-14, the contribution of the sector went up to 48.2 per cent. In keeping with these trends, the sector contributed more than 38 per cent of the total GDP growth during H1 2014-15. With some deceleration in its growth visible during H1, the sector would look towards a more dynamic real sector that seeks greater credit off-take, makes greater financial savings in varied financial instruments and greater buoyancy in the world economy that can bolster the demand for business services. The stark changes in growth contributions of sectors except agriculture may be noted from Figure 3.1.

Figure 3.1: Sector-wise Contribution to GDP growth (in percent; total=100)



3.8 The demand for national output, represented by the components of GDP at market prices, viz. consumption, capital formation and exports, presented a mixed picture in H1 2014-15 (Table 3.2).

Table 3.2: Growth in GDP at Market Prices (per cent y-o-y at constant prices)

Items	2013-14		2014-15		
	H1	H2	H1	Q1	Q2
Total final consumption	4.6	4.8	6.3	6.2	6.4
Government final consumption	6.5	1.6	9.4	8.8	10.1
Private final consumption	4.2	5.4	5.7	5.6	5.8
Gross fixed capital formation	0.2	-0.4	3.4	7.0	0.0
Change in stocks	2.5	0.9	0.9	2.5	-0.6
Valuables	-31.8	-31.4	-38.7	-50.7	-27.0
Exports	6.0	10.9	4.5	11.5	-1.6
Imports	1.0	-6.0	0.3	-0.4	1.1
GDP at market prices	4.7	5.3	5.9	5.8	6.0
Net indirect taxes	1.2	13.2	13.2	8.5	17.1

Source: Central Statistics Office (CSO)

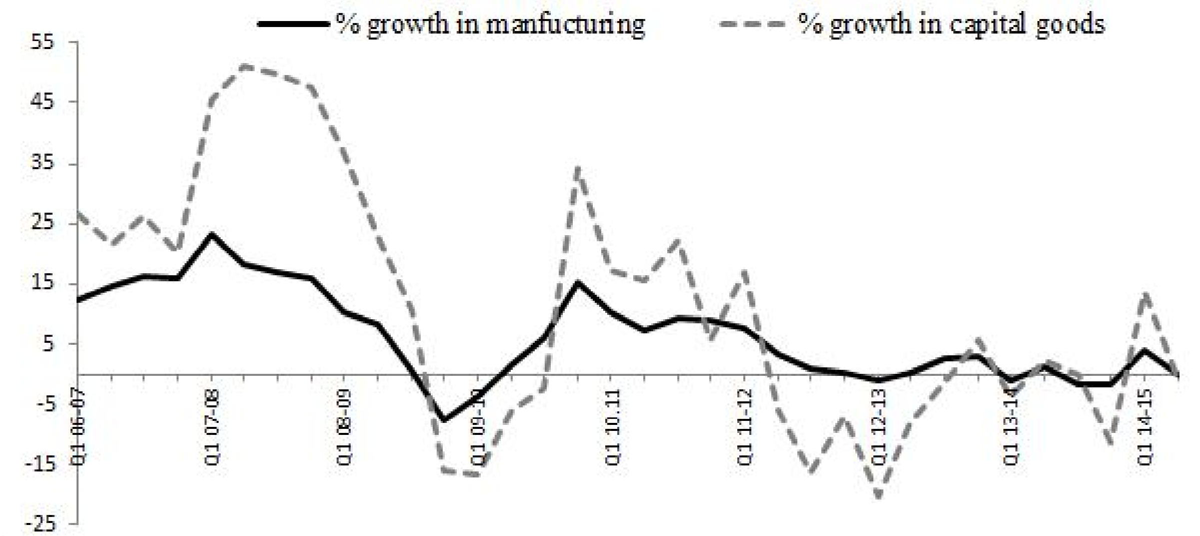
3.9 Final consumption that accounts for around 69 per cent of the total demand stayed on course of a gradual revival with its growth improving from 4.7 per cent in 2013-14 to 6.3 per cent in H1 2014-15. Growth in government consumption helped this revival, but the growth in private consumption was also reasonably strong. Higher growth in consumption occurred despite a slump in the production of manufactured consumer goods, especially the contraction in the production of consumer durables. This indicates robust consumption from the output of the agriculture and allied sectors and various services.

3.10 Export of goods and services, at constant prices, grew at a robust average rate of 12.1 per cent during the four quarters Q2 2013-14 to Q1 2014-15, but failed to keep the momentum in Q2 2014-15. In contrast, import growth is gradually picking up, indicating the need to keep a watch on current account balance, which is more or less comfortably placed now. Fortunately, there has been a sharp reduction in the prices of crude oil in the international markets. The price of crude oil (Indian basket) declined from US$109 a barrel in June 2014 to US$ 86 in October 2014. These prices declined further and averaged US$ 66.8 a barrel between December 1 and December 10, 2014. Thus, between June and December 2014 average price of crude oil (Indian basket) declined by nearly 39 per cent (Figure 3.2). India being a large net importer of crude oil stands to gain both in terms of lower value crude imports as well as lower level of subsidies outgo. The deceleration in the import of gems and jewellery and their domestic value addition, gets largely reflected in the trends in the net acquisition of valuables.

Figure 3.2: Price of Crude Oil (Indian Basket) US$ per barrel

3.11 Fixed capital formation, consisting broadly of construction of different types and machinery and equipment, which faced a near stagnation in the last couple of years, increased by 3.4 per cent in real terms in H1 2014-15. Continuous addition to fixed capital is important for sustaining the growth revival of India's labour abundant economy and hence it is a positive development. However, the momentum shown in fixed capital formation in the first quarter could not be sustained in the second, despite similar growth in construction in both the quarters (Table 3.2).

Figure 3.3: Growth in manufacturing and capital goods



3.12 It may be seen that, over time, the growth in capital goods followed the manufacturing pattern in general, but in an exaggerated fashion; the current year is no exception (Figure 3.3). The Index of Industrial Production showed that when the manufacturing sector as a whole grew by 3.9 per cent in Q1, capital goods grew by 13.6 per cent and then when manufacturing growth slumped to 0.5 per cent in Q2, capital goods contracted by 0.4 per cent. Hence, it is reasonable to expect that fixed capital formation would gain momentum when manufacturing attains robust growth on the back of the enabling policy environment by the Government.

AGRICULTURE AND FOOD MANAGEMENT

Truant rainfall and its impact on agricultural output

3.13 Indian agriculture has turned resilient over the last decade. As per estimates of GDP for the second quarter (July-September) of 2014-15, 3.2 per cent growth was achieved in the agriculture and allied sector. However, Indian agriculture is still largely rainfall dependent. As South-West Monsoon (June-September) accounts for more than 70 per cent of the annual rainfall, its spatial distribution and quantum of rainfall determines the incidence of drought in the country. For the country as a whole, the rainfall during the 2014 South-West Monsoon season (June-September) was 88 per cent of its long period average (LPA). Monthly rainfall was 57 per cent of LPA in June, 90 per cent of LPA in July, 90.7 per cent of LPA in August and 108 per cent LPA in September. A comparison of the LPA versus actual rainfall during the SW Monsoon shows that 2014 has had generally lower rainfall than in 2012 and 2013 (Table 3.3).

Table 3.3: Long Period Average (LPA) vs. Actual South West Monsoon Season Rainfall (June to September) in 2012,2013 and 2014

	2012			2013			2014		
Region	LPA (mm)	Rainfall (mm)	Rainfall (per cent of LPA)	LPA (mm)	Rainfall (mm)	Rainfall (per cent of LPA)	LPA (mm)	Rainfall (mm)	Rainfall (per cent of LPA)
All India	887.5	819.8	92	886.9	936.7	106	886.9	777.5	88
Northwest India	615.0	569.3	93	615.0	671.8	109	615.0	483.1	79
Central India	975.5	935.5	96	974.2	1195.3	123	974.2	879.7	90
Northeast India	1438.3	1275.3	89	1437.8	1037.9	72	1437.8	1267.7	88
South Peninsula	715.5	643.9	90	715.7	825.6	115	715.7	665.4	93

Source: Indian Meteorological Department

3.14 However, a comparison of the spatial distribution of the SW Monsoon in 2012, 2013 and 2014 reveals that the rainfall distribution in the current year was quite similar to that of 2012 (Table 3.4).

Table 3.4: Comparative Spatial Distribution of Southwest Monsoon Rainfall in 36 Meteorological Sub-divisions in 2012, 2013 and 2014

Year / Month	01.06.12 to 30.09.12	01.06.13 to 30.09.13	01.06.14 to 30.09.14
Excess	1	14	1
Normal	22	16	23
Deficient	13	6	12
Scanty	0	0	0
No Rain	0	0	0

Source: Indian Meteorological Department

Kharif Sowing and Production

3.15 The current acreage under kharif crops also compares favourably with that of 2012-13. While the acreage under kharif crops was lower by about 2.2 per cent as compared to last year, it was higher than that of 2012-13 by 2.9 per cent (Table 3.5). Although rainfall deficit was worst felt in Haryana, Punjab and Uttar Pradesh, the impact on production was limited, as most of the crops in these states are grown under irrigated conditions.

Table 3.5: Kharif Area Coverage (lakh hectares)					
Crops	Area Sown in			Per cent change in 2014-15 over	
	2012-13	2013-14	2014-15	2012-13	2013-14
Rice	391.6	374.3	374.9	-4.4	0.2
Total Pulses	95.2	108.1	101.1	13.5	-6.6
Pigeon Pea (Tur/Arhar)	36.9	38.5	35.6	4.6	-7.6
Urdbean	22.9	23.9	25.0	4.4	4.7
Moongbean	19.6	24.0	21.5	22.3	-10.3
Total Coarse Cereals	175.2	196.1	182.3	11.9	-7.0
Jowar	24.1	21.7	18.5	-10.1	-14.6
Bajra	65.1	74.7	68.4	14.7	-8.4
Maize	71.9	82.2	78.4	14.3	-4.7
Total Oilseeds	175.1	193.2	177.6	10.4	-8.1
Groundnut	37.8	38.9	43.0	2.9	10.5
Soyabean	105.9	122.2	110.2	15.4	-9.8
Sugarcane	51.0	50.3	48.7	-1.3	-3.1
Cotton	116.1	114.4	126.6	-1.5	10.7
Total Kharif Area	**1015.0**	**1044.7**	**1019.3**	**2.9**	**-2.4**

Source: Directorate of Economics & Statistics, Department of Agriculture & Cooperation

3.16 A similar comparison of the kharif production estimates is enlightening - 2013-14 was an above normal year that recorded the second highest production of foodgrains and the highest production of oilseeds. However, when compared to 2012-13 and to normal estimates[1], the production estimates of the current year can be seen to be largely better than both. The 1st advance estimates also indicate that despite the higher acreage in cotton, paddy and urad, their production levels along with other crops are estimated to be lower than the corresponding estimates of last year. Since the rainfall and climatic conditions improved at later stage, therefore, it is expected that kharif crops production could improve in the subsequent estimates to be released, as it was during 2012-13. The production of major kharif crops (1st Advance Estimates) in 2014-15 vis-à-vis 2013-14, 2012-13 and normal estimates is at Table 3.6.

Table 3.6: Production of Major Kharif Crops (in Million Tonnes)				
Crops	2012-13	2013-14	2014-15	Normal Estimates#
	First Adv.Est.	First Adv. Est.	First Adv. Est.	
Rice	85.6	92.3	88.0	85.3
Total coarse cereals	26.3	31.0	27.1	29.5
Total pulses	5.3	6.0	5.2	5.6
Total kharif food grains	117.2	129.3	120.3	120.5
Total oilseeds	18.8	24.0	19.7	19.4
Sugarcane	335.3	341.8	342.8	324.4
Cotton@	33.4	35.3	34.6	29.7

@ Production in million bales of 170 kg each; # - Normal estimates are the average of the last five years, 2009-10 to 2013-14
Source: Directorate of Economics & Statistics, Department of Agriculture & Cooperation

Price Policy and Marketing of Agricultural Produce

3.17 Government's price policy for major agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production, and to safeguard the interest of consumers by making available supplies at reasonable price. Substantial hikes in Minimum Support Prices (MSPs) were given in 2011-12 & 2012-13 as compared to the previous years. However, in 2013-14 & 2014-15 MSPs were increased moderately, as shown in Table 3.7.

[1] *Normal estimates are the average of the last five years, 2009-10 to 2013-14.*

Table 3.7: Minimum Support Prices Fixed in 2014-15 (Crop Year) and percentage changes during previous years

		(₹ per quintal)	Per cent change			
	Commodity	**2014-15**	**11-12/ 10-11**	**12-13/ 11-12**	**13-14/ 12-13**	**14-15/ 13-14**
KHARIF CROPS	Paddy Common	1360	8.0	15.7	4.8	3.8
	Paddy (F)	1400	7.8	15.3	5.1	4.1
	Jowar-Hybrid	1530	11.4	53.1	0.0	2.0
	Jowar-Maldandi	1550	11.1	52.0	0.0	2.0
	Bajra	1250	11.4	19.9	6.4	0.0
	Ragi	1550	8.8	42.9	0.0	3.3
	Maize	1310	11.4	19.9	11.5	0.0
	Tur (Arhar)	4350	6.7	4.1	11.7	1.2
	Moong	4600	10.4	10.0	2.3	2.2
	Urad	4350	13.8	13.2	0.0	1.2
	Groundnut	4000	17.4	37.0	8.1	0.0
	Sunflower Seed	3750	19.1	32.1	0.0	1.4
	Soyabean (Black)	2500	17.9	33.3	13.6	0.0
	Soyabean (Yellow)	2560	17.4	32.5	14.3	0.0
	Sesamum	4600	17.2	23.5	7.1	2.2
	Nigerseed	3600	18.4	20.7	0.0	2.9
	Cotton (Medium)	3750	12.0	28.6	2.8	1.4
	Cotton (Long)	4050	10.0	18.2	2.6	1.3
RABI CROPS	Wheat	1450	9.8	5.1	3.7	3.6
	Barley	1150	25.6	0.0	12.2	4.6
	Gram	3175	33.3	7.1	3.3	2.4
	Lentil (Masur)	3075	24.4	3.6	1.7	4.2
	Rapeseed/ mustard	3100	35.1	20.0	1.7	1.6
	Safflower	3050	38.9	12.0	7.1	1.7

Source: Commission for Agricultural Costs and Prices

3.18 Recognizing that a competitive market, besides adding to the welfare of the producers and consumers also plays a contributory role in poverty allevation, the recent Budget also highlighted that the interest of farmers and consumers will be further served by increasing competition and integrating markets across the country.

Foodgrain Procurement and Stocks in Central Pool

3.19 Record production of foodgrains has also built up large stocks of foodgrains (rice and wheat) in the Central Pool; it was 51.2 million tonnes as on October 1, 2014 vis-à-vis the buffer stock norm of 21.2 million tonnes as on October 1, 2014. The procurement level of rice was 11.5 million tonnes as on 11.11.2014, compared to 14.9 million tonnes in the corresponding period of last year. Wheat procurement during Rabi Marketing Season (RMS) 2014-15 was 28.0 million tonnes compared to 25.1 million tonnes during RMS 2013-14. As a part of the price policy to protect consumers, the Central Issue Prices of rice and wheat have remained unchanged since 1.7.2002.

3.20 Besides meeting the requirements of foodgrains under Targeted Public Distribution System (TPDS) and other welfare schemes (OWSs), the central pool of food stocks is required to meet emergencies like drought/failure of crop and to enable open market intervention in case of sharp price increases. The minimum buffer norms for the Central Pool have been fixed taking into consideration the seasonality in the arrival of the grains and distribution requirements. While there has been a decline from the peak stock level of 80.5 million tonnes on 1.7.2012, the stocks in central pool are still higher than the buffer norms (Table 3.8). In keeping with the requirements of foodgrains under the National Food Security Act, a revision of buffer stocking norms is under process.

Table 3.8: Actual stock* and Buffer norms of Rice and Wheat since 2012 (in million tonnes)

Date	Actual Stock	Buffer norms
1.1.2012	55.4	25.0
1.4.2012	53.3	21.2
1.7.2012	80.5	31.9
1.10.2012	66.5	21.2
1.1.2013	66.6	25.0
1.4.2013	59.7	21.2
1.7.2013	73.9	31.9
1.10.2013	59.2	21.2
1.1.2014	58.4	25.0
1.4.2014	48.4	21.2
1.7.2014	65.3	31.9
1.10.2014	51.2	21.2

*Note: * - Inclusive of unmilled rice*

Source : Department of Food and Public Distribution

Agriculture Credit – Enabling farmers to deliver higher output

3.21 Agriculture credit flow increased from ₹ 86,981 crore in 2003-04 to ₹ 7,30,765.61 crore (provisional data) in 2013-14 and has consistently exceeded the target, indicating the concerted efforts of Government. For 2014-15, agriculture credit target has been enhanced to ₹ 8,00,000 crore. A major proportion of crop loans are routed through the Kisan Credit Card (KCC) Scheme. As of 31.03.2014, the commercial banks, cooperative banks and regional rural banks have cumulatively issued 14.10 crore KCCs, and the cumulative amount of loans sanctioned is ₹ 8,80,072 crore. As a percentage of agriculture GDP, the credit disbursals have improved during 2013-14 (Table 3.9).

Table 3.9: Target and Achievement of Credit Flow to Agriculture Sector during 2012-13 and 2013-14 (₹ Crore)

Agency	2012-13			2013-14*		
	Target	Achievement	Achievement as per cent of agri-GDP	Target	Achievement	Achievement as per cent of agri-GDP
Commercial Banks	4,20,000	4,32,491	26.3	4,75,000	5,29,685.2	27.8
Cooperative Banks	84,000	1,11,203	6.8	1,25,000	1,18,421.7	6.2
Regional Rural Banks	71,000	63,681	3.9	1,00,000	82,658.8	4.3
Total	5,75,000	6,07,375	36.9	7,00,000	7,30,765.6	38.3

**The data for 2013-14 is provisional*

Source : Commercial Banks' data from PSBs/IBA ; Cooperatives & RRBs data from NABARD

Major Developments/Policy Initiatives

Box 3.2: Recent Steps taken by the Government along with RBI/NABARD

(i) Two decisions that will have an impact on limiting procurement and stocks of rice and wheat from KMS 2014-15 and RMS 2015-16 - (a) Limit procurement from states that are declaring additional bonus over and above the MSP to the extent of TPDS/OWS requirements. In the case of non-DCP states declaring bonus, FCI will not take part in MSP operations in those states. (b) Cap the percentage of levy rice at 25 per cent.

(ii) A High Level Committee was set up on August 20, 2014 that would give its recommendations on restructuring of FCI within a period of 3 months.

(iii) There has been a renewed thrust towards direct benefit transfer (DBT) or AADHAAR project. Achieving full financial inclusion is crucial for direct transfer of subsidies. In this context the successful implementation of the concomitant 'Pradhan Mantri Jan Dhan Yojana' is vital. Dovetailing the two schemes would enable rationalization of food, fertilizer and oil subsidies, and better targeting of beneficiaries, and thereby reduce subsidies.

(iv) Skill Development initiative has been taken by the Ministry of Food Processing in consultation with National Skill Development Council and 7 sectors (Bakery, Dairy, Grain Processing, Poultry, Refrigeration, Packaging, Quality Control) have been identified with the help of reputed industry partners to train 10,000 persons in the next 12 months.

(v) 5 Mega Food Parks have been approved in the states of Bihar, Maharashtra, Himachal Pradesh and Chhattisgarh.

(vi) 3 cold chain projects are operational in Kolkata; Udamsingh Nagar, Uttarakhand; and Mumbai, Maharashtra. 20 new cold chain projects have been sanctioned.

(vii) Special fund of ₹ 2000 crore was set up in NABARD, which was announced in the Budget of 2014-15 to provide affordable credit to Agro-processing units.

(viii) The Revised Kisan Credit Card (KCC) Scheme has been simplified and the cards have been converted into ATM enabled debit card with facilities of one-time documentation, built-in cost escalation in the limit, any number of drawals within the limit, etc. The KCC Scheme aims at providing adequate and timely credit support from the banking system under a single window to the farmers.

(ix) Banks have been advised to dispense with the requirement of "no dues" certificates for small loans up to ₹ 50,000 for small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower.

(x) RBI has advised banks to waive margin/security requirements for agricultural loans upto ₹ 1,00,000.

INDUSTRY AND INFRASTRUCTURE

Industrial sector showing signs of slow recovery

3.22 The index of industrial production (IIP) witnessed positive growth in the first half of 2014-15 with the first quarter growth better than the second quarter (Table 3.10). Industrial output increased by 1.9 per cent during April-October 2014 as compared to the 0.2 per cent growth registered during the same period last year. While electricity generation has expanded at a robust 10.7 per cent, the growth in the manufacturing and mining sectors during April-October 2014-15 over the corresponding period of 2013-14 has slowly recovered to 0.7 per cent and 2.4 per cent, respectively. In the manufacturing sector, basic metals and other transport equipment have exhibited double digit growth whereas chemicals, coke and refined petroleum products, wearing apparel, TV/Radio, communication equipment have registered negative growth. The growth in IIP registered a sharp decline of 4.2 per cent in the month of October 2014, mainly because of a contraction in the manufacturing sector.

Table 3.10: Growth in broad industrial groups based on IIP

Year	Quarter	Mining	Manufacturing	Electricity	General
	Weight	141.6	755.2	103.2	1000.0
2012-13	Q1	-1.5	-0.8	6.4	-0.3
	Q2	-0.7	0.2	2.8	0.4
	Q3	-3.0	2.5	4.4	2.1
	Q4	-3.8	3.1	2.3	2.2
2013-14	Q1	-4.7	-1.1	3.5	-1.0
	Q2	-0.2	1.4	8.4	1.9
	Q3	0.5	-1.6	5.0	-0.8
	Q4	1.8	-1.6	7.6	-0.4
2014-15	Q1	3.0	3.9	11.3	4.5
	Q2	1.3	0.1	9.4	1.1
April-October					
2013-14		-2.6	-0.1	5.3	0.2
2014-15		2.4	0.7	10.7	1.9

Source: Central Statistics Office

3.23 As per the use-based classification, basic goods and capital goods sectors performed comparatively better, intermediate goods slipped slightly while consumer goods continued to perform poorly during April-October 2014-15 as compared to the corresponding period of the previous year (Table 3.11).

Table 3.11: Growth in use-based industrial groups based on IIP

Year	Quarter	Basic goods	Capital goods	Intermediate goods	Consumer goods			General
					Total	Durables	Non-durables	
	Weight	456.8	88.2	156.9	298.1	84.6	213.4	1000.0
2012-13	Q1	3.3	-20.1	0.8	3.9	8.0	0.6	-0.3
	Q2	2.2	-8.1	1.5	1.4	0.1	2.6	0.4
	Q3	2.5	-1.2	2.5	2.7	3.1	2.4	2.1
	Q4	1.8	5.7	1.6	1.7	-2.8	5.0	2.2
2013-14	Q1	-0.2	-3.7	1.6	-2.1	-12.7	7.1	-1.0
	Q2	2.8	2.2	3.8	-0.2	-9.5	8.2	1.9
	Q3	1.8	0.0	3.9	-6.1	-16.5	2.3	-0.8
	Q4	3.9	-11.3	3.1	-2.6	-10.1	2.6	-0.4
2014-15	Q1	8.7	13.6	3.1	-3.2	-9.5	1.4	4.5
	Q2	7.2	-1.0	1.6	-6.1	-15.7	1.2	1.1
April-October								
2013-14		1.1	-0.2	2.7	-1.7	-11.3	6.8	0.2
2014-15		7.6	4.8	1.6	-6.3	-16.0	1.0	1.9

Source: Central Statistics Office

3.24 Basic goods have grown primarily due to increase in output of cement, minerals and electricity. Capital goods segment recovered mainly in the first quarter of 2014-15.The growth in the intermediate goods segment slowed down to 1.6 per cent in April - October 2014-15 as compared to 2.7 per cent in the corresponding period of previous year. This was mainly because of lower output of liquefied petroleum gas, boilers and napatha. Consumer goods slowdown is accentuated because of deceleration in consumer durables sector, with gems and jewellery output contributing significantly to the decline.

Major infrastructure sectors and universal intermediaries

3.25 The eight core infrastructure supportive industries, with an overall weight of 37.9 per cent in IIP, registered a year on year growth of 4.3 per cent during April-October of the current financial year as against the growth of 4.2 per cent during the corresponding period of the previous financial year (Table 3.12).The performance has been uneven across the infrastructure industries. Electricity, cement and coal sectors have registered comparatively higher growth rates and steel sector has shown lower growth rate in April-October 2014-15. Fertilizers, crude oil, natural gas and refinery products have witnessed negative growth during April-October 2014-15.

Table 3.12: Trends in Growth of Infrastructure and Universal Intermediaries (per cent)

Industry	2011-12	2012-13	2013-14	April-October	
				2013-14	2014-15
Electricity	8.1	4.0	5.8	5.1	10.5
Coal	1.3	4.6	0.8	1.3	8.5
Steel	10.3	4.1	8.5	11.9	2.3
Crude oil	1.0	-0.6	-0.2	-1.2	-0.9
Refinery products	3.1	29.0	1.6	3.5	-1.7
Cement	6.7	7.7	3.0	4.0	8.1
Natural Gas	-8.9	-14.5	-13.0	-16.1	-5.6
Fertilizers	0.4	-3.4	1.5	2.7	-1.1
Overall index	5.0	6.5	3.5	4.2	4.3

Source: O/o The Economic Adviser, DIPP

Corporate sector performance

3.26 Abridged results of non-government non-financial listed companies show that at the aggregate level the sales growth (Y-o-Y) in Q1 of 2014-15 improved and reached 7.1 per cent from 4.6 per cent in Q4 of 2013-14 (Table 3.13). EBITDA (operating profit) and net profit growth (Y-o-Y) increased significantly, while a decrease in the Y-o-Y growth rate of interest expenses was observed. Net profits to sales ratio increased marginally while interest coverage ratio remained unchanged. However, results of 2,863 listed non-government non-financial companies for Q2 of 2014-15 indicate a decline in Y-o-Y growth in sales and EBITDA (operating profits) again in this quarter. Increase in Y-o-Y growth rates of other income and negative interest expenses growth, resulted in slightly lower but decent growth in net profits. Both net profit to sales ratio and interest coverage ratio were lower in Q2 of 2014-15 as compared to previous quarter.

Table 3.13: Performance of Non-Government Non-Financial Companies										
Item	Growth Rates* (in Per cent)									
	2012-13				2013-14				2014-15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
No. of Companies	2,790	2,749	2,745	2,686	2,768	2,708	2,731	2,719	2,755	2,863
Sales	13.4	11.3	9.2	4.2	2.6	7.4	4.4	4.6	7.1	4.2
Expenditure, of which	15.8	12.1	8	4.7	2.2	8	2.8	4.9	6.1	3.6
Raw Material	13.4	14.1	9.4	2.6	-2.7	6.4	1	4.6	8.4	3.4
Staff Cost	17.3	14.7	13.1	13.5	13.9	13.9	10.7	9.3	8.4	7.7
Operating Profits (EBITDA)	-3.7	10.8	7.5	-0.1	1.1	-1.3	5.7	4.9	16.5	8.3
Other Income**	29.5	49	0.7	-1.4	28	-0.2	24.7	14.6	-2.8	26.1
Depreciation	10.3	10.4	10.4	8.4	9.4	11.6	8.1	8.4	8	3.5
Gross Profits (EBIT)	-2.5	18.3	5.3	-2.6	3.9	-4.6	8.4	5.9	14.7	14.1
Interest	37.9	11.5	17.2	10.9	12.1	19.9	9.6	8.9	1.4	-0.6
Tax Provision	-3.6	11.3	4.7	-2.5	0.8	4.2	19.9	-4.2	23.8	29
Net Profits	-10.7	23	23	-16	-10.9	-20.5	4.3	10.3	27.3	25.6
Net Profits to Sales Ratio	5.9	6.9	5.7	5.7	5.2	5.1	5.4	6.4	6.7	6.6
Interest Coverage Ratio	2.9	3.5	2.9	3.3	2.8	2.9	3	3.4	3.4	3.2

** Growth rates are percentage changes in the level for the period under reference over the corresponding period of the previous for common set of companies.*

***Other income excludes extraordinary income/expenditure if reported explicitly*
Source: RBI

Industry and infrastructure financing

3.27 The sectoral deployment of credit by scheduled commercial banks to industries has slowed down considerably in the first half of 2014-15 as compared to the same period last year (Table 3.14). The growth of credit has improved considerably only in the mining and construction sectors. In the manufacturing sector, except transport equipment and petroleum and nuclear fuel, all other sectors have experienced reduction in growth of credit.

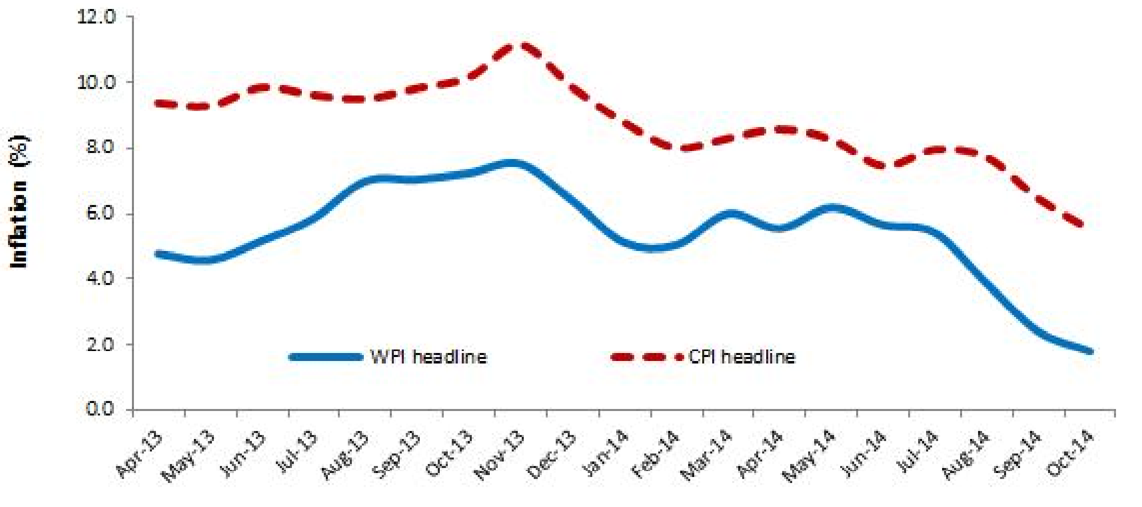
Table 3.14: Growth of Credit by Scheduled Commercial Banks (per cent)				
Sectors	2012-13	2013-14	2013-14	2014-15
			Apr-Sep	Apr-Sep
Manufacturing	16.8	13.9	13.8	8.1
Mining	29.6	-7.9	-11.2	17.1
Electricity	20.8	26.0	31.9	13.7
Construction	8.8	0.7	-8.2	28.7
Other Infrastructure	11.2	11.1	12.7	6.9
Manufacturing sub-sectors				
Food Processing	18.4	22.7	20.9	20.2
Textiles	9.6	16.2	17.8	7.2
Petroleum & Nuclear Fuel	4.4	-10.3	-15.6	0.9
Cement & Cement Products	21.3	23.5	27.6	14.0
Chemicals & Chemical Products	24.7	28.5	36.6	2.7
Basic Metal & Metal Products	21.3	18.9	22.3	10.0
All Engineering	20.6	11.3	10.2	8.8
Transport Equipment	18.4	9.6	6.7	8.4
Other Industries	14.7	6.6	2.8	5.0
All Industries	16.6	14.8	15.6	9.6

Source: RBI

PRICES

3.28 Elevated levels of inflation have been a major macroeconomic concern since 2008-09. Generally a level of 4-6 per cent headline inflation might be considered as a comfort zone. Inflation measured in terms of the wholesale price index (WPI) has been in the comfort zone in 13 out of 19 months since March 2013. However, inflation in terms of consumer price index (New Series) {CPI (NS)} has been above 7 per cent with the exception of September and October 2014. During the period 2011-12 to 2012-13, average WPI inflation was 8.2 per cent. The average WPI inflation declined to 6 per cent in 2013-14. However, there was high volatility in monthly inflation rates with a high of 7.5 per cent in November, 2013 and a low of 4.6 per cent in May, 2013. Similarly, CPI (NS) headline inflation, which reached its peak at 11.2 per cent in November 2013, averaged 9.5 per cent for 2013-14. During the first six months of 2014-15, headline inflation eased significantly with WPI and CPI (NS) declining to 4.8 per cent and 7.7 per cent, respectively (Figure 3.4).

Figure 3.4: Inflation in WPI and CPI



Trends in WPI

3.29 The broad trends and composition of WPI inflation during the last 18 months are given below (Table 3.15).

Table 3.15: Quarter-wise inflation in WPI broad groups (in per cent)

	Weight	2013-14					2014-15		
		Q1	Q2	Q3	Q4	Oct	Q1	Q2	Oct (P)
All Commodities	100.0	4.8	6.6	7.1	5.4	7.2	5.8	3.9	1.8
Primary Articles	20.1	6.5	12.4	13.6	6.8	14.6	7.5	4.1	1.4
Fuel and Power	14.9	7.7	11.9	10.8	10.1	10.5	9.6	4.4	0.4
Manufactured products	65.0	3.3	2.4	2.9	3.3	2.8	3.8	3.6	2.4
All Food	24.3	**7.7**	11.8	11.9	6.2	12.7	6.9	5.0	2.5
Core Inflation	55.0	2.6	2.4	3.1	3.7	2.9	4.0	3.6	2.5

P: Provisional Source: DIPP

3.30 **Food Inflation:** WPI food index consists of two components (a) Food articles and (b) manufactured food products. During 2013-14, food inflation (weight: 24.3 per cent) remained high at 9.4 per cent, peaking at 12 per cent in Quarter 3. Inflation in vegetables increased by about 21 per cent between July 2013 and November 2013. This was in sharp contrast to the decline of 10.4 per cent in inflation in vegetables over the same period in the previous year. There has been significant easing of food inflation during the first half of 2014-15 to 6 per cent which further declined to 2.5 per cent in October 2014. This owed to the decline in inflation in commodities such as wheat, vegetables, egg, fish and meat.

3.31 **Fuel and power:** During 2013-14, inflation in fuel and power remained high at an average of 10.2 per cent. This was mainly caused by upward movement in global crude oil prices and depreciating Rupee during the year. However, the sharp decline in international crude oil price since June 2014 has resulted in an easing of inflationary pressures in fuel and power inflation to 7 per cent during the first half of 2014-15 and touched a low of 0.4 per cent in October 2014.

3.32 **Manufactured Products:** In 2013-14, inflation in manufactured products remained low at around 3 per cent. Core inflation too remained benign throughout 2013-14, with an average of 2.9 per cent. This was mainly on account of decline in global commodity prices and growth slowdown in the economy. WPI inflation in manufactured products (weight: 65 per cent) registered modest increase during 2014-15 (up to September 2014). Inflation in the Non-food manufactured products (weight: 55 per cent), which is considered as a proxy for core inflation, also inched up to 3.8 per cent during the same period.

Trends in CPI New Series

3.33 RBI has announced its intent to anchor monetary policy stance to headline CPI (combined) inflation from April, 2014. Consumer Price Indices (CPI) measure changes over time in general level of prices of goods and services that households acquire for the purpose of consumption. CPI inflation has also witnessed similar trends as in WPI (Table 3.16).

Table 3.16: Quarter-wise inflation in CPI broad groups (in per cent)

	Weight	2013-14					2014-15		
		Q1	Q2	Q3	Q4	Oct	Q1	Q2	Oct
General	100.0	9.5	9.7	10.4	8.4	10.2	8.1	7.4	5.5
Food, beverages & tobacco	49.7	11.0	11.1	12.9	9.2	12.4	8.9	8.6	5.7
Fuel and Light	9.5	8.4	7.9	7.0	6.3	7.0	5.2	4.0	3.4
Others	40.8	7.9	8.2	8.0	7.9	8.0	7.6	6.7	5.9
Food (CFPI)	42.7	11.1	11.4	13.6	9.3	12.9	9.1	8.8	5.6
Core Inflation	42.9	8.0	8.2	8.1	8.0	8.1	7.7	6.8	6.0

Source: CSO

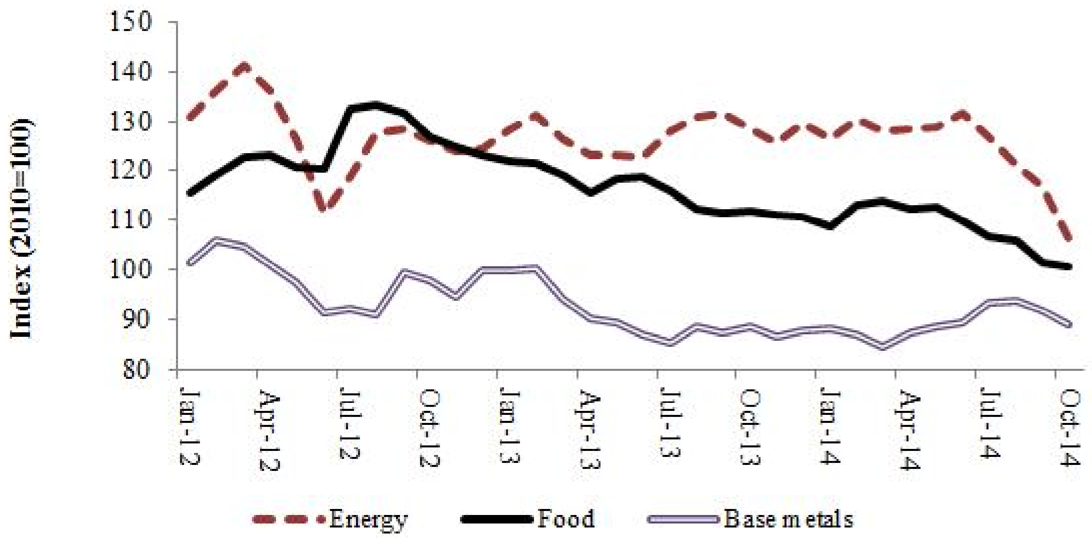
3.34 Headline CPI inflation, which stood at 9.5 per cent in 2013-14, eased during the first half of 2014-15 to 7.7 per cent and touched a low of 5.5 per cent in October 2014, the lowest since the introduction of the series. Food items have a greater weight in CPI as compared to WPI. A separate index for food namely the Consumer Food Price Index (CFPI) has been introduced in the CPI (NS) with effect from May, 2014.The inflation based on CFPI (weight: 42.7 per cent), which was 11.4 per cent in 2013-14, declined to 9 per cent in the first half of 2014-15 and was at 5.6 per cent in October 2014.

3.35 CPI fuel and light (weight: 9.5per cent) inflation which averaged 7.4 per cent in 2013-14 declined sharply to 4.6 per cent in the first half of 2014-15 and to 3.4 per cent in October 2014. CPI core (Non Food Non Fuel) inflation with a weight of 42.9 per cent has been almost sticky at 8 per cent for the last two years. During the first half of 2014-15, it declined to 7.2 per cent and touched 6.0 per cent in October 2014. Decline in housing and transport inflation contributed to the declining of core inflation.

Trends in Global Commodity Prices

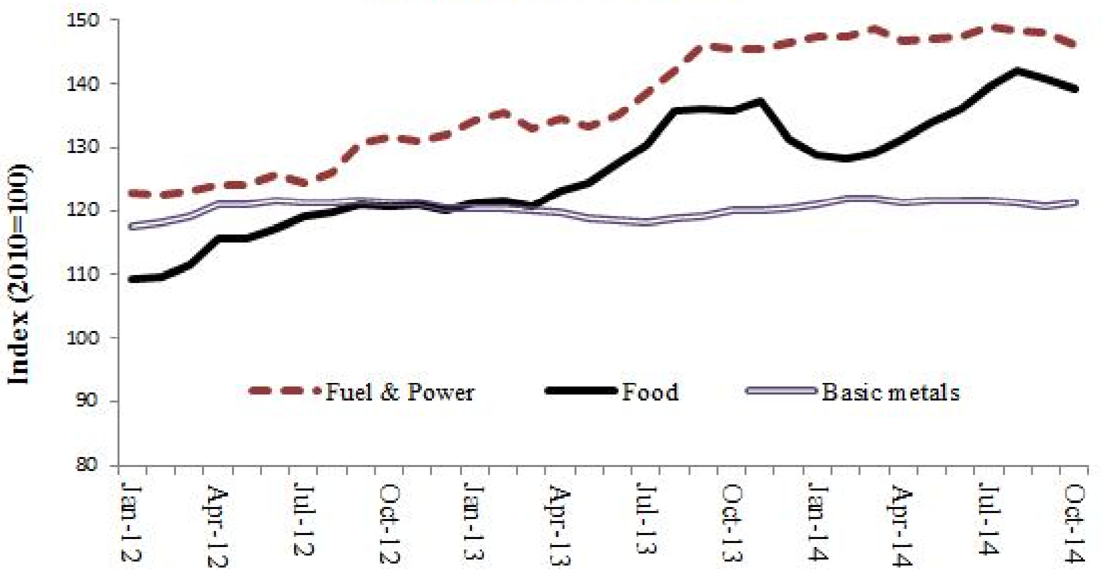
3.36 Global commodity prices (as per World Bank Pink Sheet) have remained weak in the current year as compared to 2013-14. Crude oil prices have experienced one of the sharpest decline this year, down by more than 20 per cent to $83/barrel (bbl) on October 15 from this year’s peak of $108/bbl in mid-June. However, it might be instructive to note that geopolitical concerns in Iraq along with Ukraine and Russia earlier this year had put upward pressure on oil prices which exceeded $108/bbl in June 2014. Agricultural prices also have declined by 6 per cent since June 2014. Metal prices remained relatively stable, from the sharp decline seen in 2011. Slowdown in the Euro area and emerging economies, increased oil supplies, and good crop prospects for most agricultural commodities have contributed to the recent decline in global prices. The movement of World Bank commodity price indices is indicated in the following graph (Figure 3.5).

Figure 3.5 : Movement of World Commodity Price Indices



3.37 The World Bank energy and food indices have shown a downtrend since June and July 2014 respectively. The index of base metals has shown an uptrend from April to August 2014 mainly on account of sharp increase in prices of aluminum and lead; however, it has declined thereafter. It is instructive to note that global food and base metal indices are at the base year levels and well below the base year, respectively and global crude oil prices are poised to reach base year level. However, WPI index normalized to common base year (2010=100) in respect of broad Indian basket of goods such as fuel and power, and base metals showed a rising trend during 2014 except some decline in recent months. (Figure 3.6).

Figure 3.6: Movement of WPI



Measures Taken to Control Inflation

3.38 Government monitors the price situation regularly as controlling inflation is a key policy priority. It has been taking a number of fiscal and administrative measures on an ongoing basis to check inflation. The Government imposed stock limits under the Essential Commodities Act in respect of onion and potato, pulses, edible oil, and edible oilseeds etc. Minimum Export Price (MEP) for potato was fixed at USD 450 per MT w.e.f 26.06.2014 and at USD 300 per MT for onion w.e.f. 21.08.2014 as part of price control measures of potato and onion. Similarly, State Governments were advised to allow free movement of fruits and vegetables by delisting them from their respective APMC Acts. An advisory was issued to State Governments to take concerted action against hoarding & black marketing as per Hoarding and Black Marketing Act 1955 and PBMMSEC Act 1980 effectively. For management of food grain prices, steps taken include: raising of minimum support price of rice (kharif) and wheat (rabi) during 2014-15 crop season by about 4 per cent; allocation of additional 5 million tonnes of rice to BPL and APL families in States, pending implementation of National Food Security Act; allocation of 10 million tonnes of wheat under open market sales for domestic market for 2014-15 etc.

MONEY AND BANKING

Monetary Policy Stance

3.39 The tight monetary policy stance continued through the year. Despite easing of inflationary pressures, the Reserve Bank of India kept the benchmark repo rate unchanged at 8 percent in its fifth bi-monthly monetary policy stance announced on December 2, 2014 (Table 3.17). During 2014, the monetary policy framework witnessed key changes, reflecting implementation of some of the recommendations of the Expert Committee to Revise and Strengthen the Monetary Policy Framework Report (January 2014). The most significant changes were adoption of CPI (combined) as the key metric of inflation for conducting monetary policy, explicit communication of a glide path for disinflation and transition to a bi-monthly monetary policy cycle beginning 2014-15.

The salient features of the five Bi-monthly Monetary Policy Statements during 2014-15 included:

- Repo rate and Cash Reserve Rate (CRR) were retained at 8 per cent and 4 per cent respectively in the fifth bi-monthly monetary policy stance of 2014-15. RBI, however, announced that if the current inflation momentum and changes in inflationary expectations continue, along with encouraging fiscal developments, a change in the monetary policy stance is likely early next year, including outside the policy review cycle.
- Statutory Liquidity Ratio (SLR) was reduced to 22 percent from 22.50 percent from 9th August 2014;
- Access to overnight repos under the Liquidity Adjustment Facility (LAF) was reduced to 0.25 per cent of each bank's Net Demand and Time Liabilities (NDTL) while compensating fully with a commensurate expansion of the market's access to term repos from the Reserve Bank to 0.75 per cent of the NDTL of the banking system;
- Sector-specific refinance was reduced and moved towards a more generalised provision of system level liquidity without preferential access to any particular sector or entity;
- Liquidity management framework was revised with effect from September 5, 2014, with more frequent 14-day term repos and daily overnight variable rate repo/reverse repo operations, to ensure flexibility, transparency and predictability in liquidity management operations;
- Liquidity provided under the Export Credit Refinance (ECR) facility was pruned from 50 per cent of eligible export credit outstanding to 15 per cent.

Table 3.17: Revision in Policy Rates					
Effective date	Bank Rate/MSF Rate* (Per cent)	Repo Rate (Per cent)	Reverse Repo Rate (Per cent)	CRR (Per cent of NDTL)	SLR (Per cent of NDTL)
2013					
29-01-2013	8.75	7.75	6.75		
09-02-2013				4.00	
19-03-2013	8.50	7.50	6.50		
03-05-2013	8.25	7.25	6.25		
15-07-2013	10.25				
20-09-2013	9.50	7.50	6.50		
07-10-2013	9.00				
29-10-2013	8.75	7.75	6.75		
2014					
28-01-2014	9.00	8.00	7.00		
14-06-2014					22.50
09-08-2014					22.00
*: Bank Rate was aligned to MSF rate with effect from February 13, 2012.					

Deposit and Lending Rates

3.41 Reflecting the tight monetary stance, the deposit rates remained high in the recent years and this continued through 2014-15 as well (till October) (Table 3.18). However, the latest trends in financial markets suggest that there has been a gradual loosening of deposit rates in the recent months, as yield on the 10-year government bonds has been falling sharply over the last three months and this could indicate reduction of lending rates by the banks in the coming months.

3.42 Relatively greater fall in the average term deposit rates for maturity up to one-year across bank groups reflects comfortable liquidity conditions, vis-à-vis subdued credit growth. While the median base rate remained unchanged at 10.25 per cent during the period under review, the weighted average lending rate (WALR) on the outstanding rupee loans of banks declined marginally by 10 bps to 12.09 per cent in September 2014 over end-March 2014, reflecting weak demand for credit. The WALR, on fresh rupee loans sanctioned by the banks, also declined by 15 bps to 11.49 per cent during this period.

Table 3.18: Average Deposit and Lending Rates of Scheduled Commercial Banks (excluding RRBs) (Per cent)				
Items	Average Interest Rates			
	Mar-14	Jun-14	Sep-14	Oct-14
A. Domestic Deposit Rates				
(i) Public Sector Banks				
Up to 1 Year	7.08	7.01	6.92	6.86
1 - 3 Years	8.99	8.99	8.97	8.95
Above 3 Years	8.88	8.87	8.90	8.89
All Maturities	7.85	7.81	7.76	7.72
(ii) Private Sector Banks				
Up to 1 Year	6.75	6.60	6.58	6.58
1 - 3 Years	9.11	9.05	9.02	9.01
Above 3 Years	8.86	8.86	8.86	8.85
All Maturities	7.67	7.57	7.56	7.56
(iii) Foreign Banks				
Up to 1 Year	7.02	6.98	6.93	6.87
1 - 3 Years	8.26	8.44	8.33	8.26
Above 3 Years	8.36	8.41	8.43	8.33
All Maturities	7.56	7.58	7.54	7.47

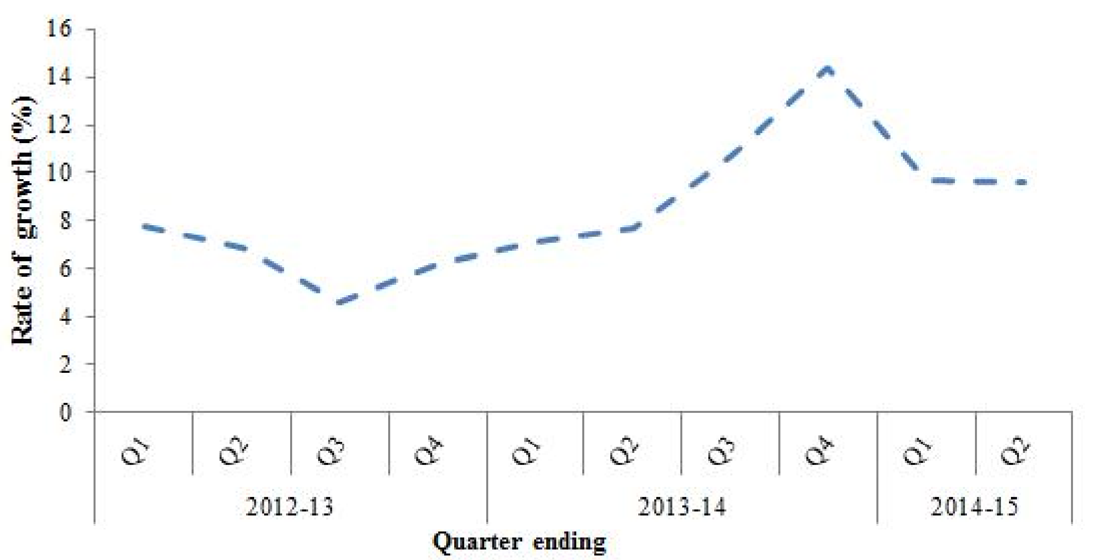
Items	Average Interest Rates			
	Mar-14	Jun-14	Sep-14	Oct-14
Scheduled Commercial Banks				
Up to 1 Year	6.96	6.88	6.83	6.79
1 - 3 Years	8.73	8.79	8.72	8.68
Above 3 Years	8.69	8.70	8.72	8.68
All Maturities	7.69	7.65	7.62	7.58
Median Deposit Rate	7.74	7.74	7.72	7.69
B. Base Rate				
(i) Public Sector Banks	10.23	10.24	10.24	10.24
(ii) Private Sector Banks	10.64	10.62	10.63	10.63
(iii) Foreign Banks	10.00	9.99	9.95	9.95
Scheduled Commercial Banks	10.22	10.22	10.21	10.21
C. Weighted Average Lending Rate				
(i) Outstanding Rupee Loans	12.19	12.20	12.09	-
(ii) Fresh Rupee Loans	11.64	11.67	11.49	-

#: Variation for WALR pertains to March-September. -: Not available
Note: Data on WALR are provisional. Source: RBI

Reserve Money (M_0)

3.43 During the first quarter of 2014-15, M_0 increased by 9.6 per cent, year on year, as against an increase of 7.1 per cent in the corresponding quarter of 2013-14. In the second quarter of 2014-15, growth in M_0 was 9.6 per cent as against growth of 7.7 per cent during the second quarter of 2013-14. The movement in quarterly reserve money growth (year on year basis) is presented in Figure 3.7.

Figure 3.7: Growth of Reserve Money (M_0)



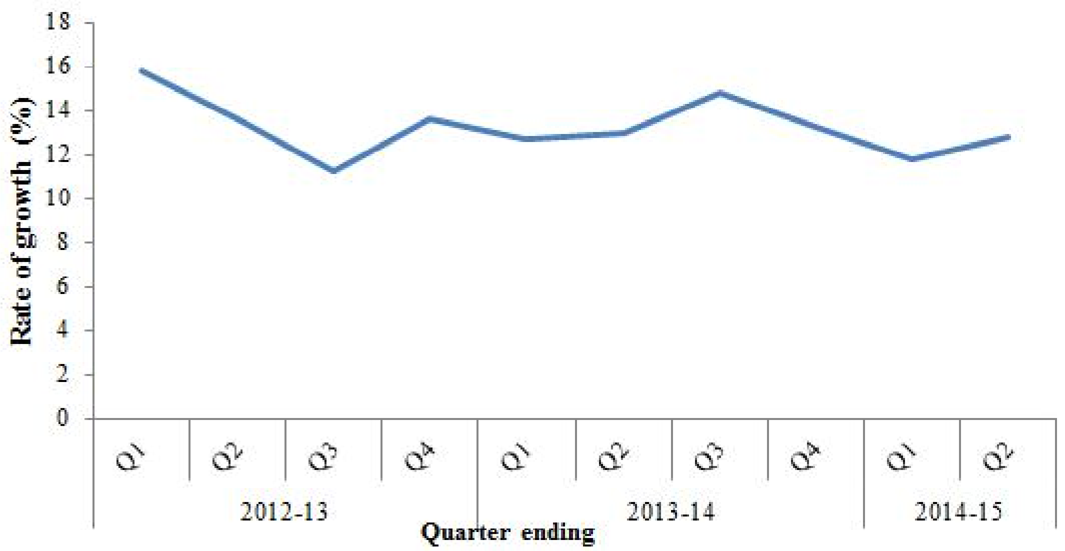
3.44 On a financial year basis, M_0 decreased by 1.4 per cent during H1 2014-15, as against an increase of 2.9 per cent H1 2013-14. During the financial year so far (upto November 7, 2014), M_0 increased by 0.7 percent as compared to an increase of 6.8 per cent for the corresponding period of the previous year. Movements in the net domestic assets constituent of M_0 (that mainly comprise Reserve Bank's net credit to the Government and RBI's claims on banks and commercial sector) largely reflect the impact of liquidity management operations of the RBI and the Central

Government's cash balance position with the RBI. With sizeable intervention (purchase) in forex markets during May-July 2014 and October 2014, a large part of the reserve money growth owed to net foreign exchange assets. Under the revised liquidity management framework which came into effect from September 5, 2014, RBI provides liquidity through term repos, fixed and variable rate overnight repos, marginal standing facility and export credit refinance. The Government cash balance remained mostly in surplus mode during 2014-15 so far.

Broad Money (M_3)

3.45 During 2014-15, at the end of first two quarters, the broad money (M_3) growth (y-o-y) remained below the levels in the corresponding quarters of the preceding year. At the end of the first quarter of 2014-15, year-on-year growth in M_3 was 11.7 percent as against an increase of 12.7 per cent in the first quarter of 2013-14. At the end of the second quarter, growth in M_3 on year-on-year basis was 12.8 per cent as against 13.0 percent in the second quarter of 2013-14 (Figure 3.8).

Figure 3.8: Growth of Broad Money (M_3)



3.46 On financial year basis, year-on-year growth in M_3 at the end of the first quarter of 2014-15 was 2.8 per cent as against 4.2 per cent growth in the corresponding period of the previous year, while by the end of the second quarter of 2013-14, year-on-year growth in M_3 was 4.9 per cent as against 5.3 per cent last year. The year-on-year M_3 growth as on October 31, 2014 was at 11.3 per cent as against 14.5 per cent for the corresponding period of the last year. On an average, the year-on-year growth in M_3 during the first half of 2014-15 at 12.9 per cent was slightly higher than corresponding average for the last year of 12.6 per cent.

3.47 The Money Multiplier (ratio of M_3 to M_0) averaged at 5.8 during 2014-15 (fortnight ending October 31, 2014) compared to 5.6 on the corresponding date of the previous year.

Banking Aggregates

3.48 The year-on-year growth of Scheduled commercial banks' (SCBs) aggregate deposits at the end of the first half of 2014-15 i.e. up to September 19, 2014 was 13.4 per cent as compared to 13.6 per cent a year ago. Investment in SLR securities as per cent of NDTL was 27.6 per cent, higher than 27.2 per cent a year ago. However, non-food credit growth decelerated sharply to its lowest level since June 2001 to 9.8 per cent as on September 19, 2014, despite liquidity conditions remaining comfortable and deposit growth remaining normal (Table 3.19).

Table 3.19: Growth Rates of Select Banking Aggregates (y-o-y, per cent)		
	September 20, 2013	**September 19, 2014**
Aggregate Deposits	13.6	13.4
Bank Credit	17.6	9.7
Non-food Credit	17.8	9.8
Investment in Government and Approved Securities	8.4	12.6
SLR Maintenance (Per cent of NDTL)	27.6	27.2
Source: RBI		

3.49 Sharp deceleration in the credit growth was partly on account of a high base, as monetary tightening to curb the exchange market pressures in July-September last year raised interest rates on alternative sources of funds and pushed up the demand for credit from the banking system. Financing through alternative sources such as commercial paper, foreign direct investment and external commercial borrowing increased. Moreover, a few banks sold stressed loans to asset reconstruction companies. As a result, those loans no longer appear in the books of banks. Net bank credit is also lower because of repayments of loans by entities that have received payments from government departments and public enterprises. In fact, borrowing by oil marketing companies' has been lower during the current year so far. The slowdown in credit growth is more pronounced in the case of public sector banks.

3.50 Disaggregated data on sectoral deployment of gross bank credit available up to September 19, 2014 show that barring agriculture, all other major sectors recorded deceleration in growth of credit (Table 3.20)

Table 3.20: Growth in Sectoral Deployment of Gross Bank Credit Year-On-Year (per cent)		
Sector	**Year-on-year variation**	
	September 20, 2013	**September 19, 2014**
Agriculture & Allied Activities	13.2	18.8
Industry (Micro & Small, Medium and Large)	17.6	6.0
Personal Loans	17.9	13.0
Housing	20.0	14.8
Advances against Fixed Deposits	17.6	-8.4
Credit Card Outstanding	2.1	17.4
Education	8.7	7.6
Consumer Durables	37.9	47.8
Services	**22.1**	**5.3**
Transport Operators	7.7	5.7
Professional Services	28.8	10.8
Trade	25.2	10.1
Real Estate	17.5	20.3
Non-Banking Financial Companies	26.6	-4.4
Priority Sector	17.6	15.8
Note: Data are provisional and relate to select banks which cover 95 per cent of total non-food credit extended by all scheduled commercial banks. Source: RBI		

Liquidity Conditions

3.51 After gradual improvement since April 2014, liquidity condition tightened in mid-June on account of advance tax outflows. The Reserve Bank provided additional liquidity to the tune of ₹ 200 billion cumulatively through special term repos in the second half of June. Liquidity conditions eased temporarily in early July when the call rate moved below the repo rate and as a result, the Reserve Bank announced a 4-day reverse term repo on July 3 to absorb the excess liquidity of ₹ 200 billion. Subsequently, delay in Government spending exerted pressure on the liquidity conditions and the weighted average call rate generally hovered above the repo rate. To ease liquidity conditions and to better anchor the call rate around the repo rate, the Reserve Bank conducted six special term repos of various tenors and infused cumulative liquidity of ₹ 650 billion in July 2014. Despite liquidity injection by the RBI, the liquidity pressure continued till mid-August. The Reserve Bank responded by providing cumulative liquidity of ₹ 247 billion through additional term repos of various tenors in August. With the sharp reduction in the Government balances beginning in September, the liquidity conditions improved significantly as reflected in the lower use of fixed rate overnight repo and ECR windows, occasional parking of surplus liquidity under reverse repos, and the call rate at times hovering below the repo rate.

3.52 Taking into account high volatility in call market during July-August, and in order to ensure flexibility and transparency in liquidity management operations, as announced in the Third Bi-Monthly Monetary Policy Statement of 2014-15, the Reserve Bank revised its liquidity management framework effective from September 5, 2014. The features of this new liquidity management framework include: (a) assured access to liquidity of 1 per cent of NDTL (excluding ECR) , where 0.25 per cent of NDTL, in the form of bank-wise overnight fixed rate repos and the balance through variable rate term repos; (b) more frequent auction of term repos during a fortnight, allowing flexibility to banks to alter their liquidity assessment four times during the fortnight and participate in auctions accordingly; and (c) higher frequency of access to Reserve Bank's overnight liquidity, with the introduction of variable rate overnight repos/reverse repo auctions between 3 to 3.30 PM, besides extending the timing of ECR facility to 5 PM. The implementation of revised liquidity management framework helped in reducing volatility in the overnight interbank segment and better anchoring the call rate near the policy repo rate.

Asset Quality of Banks

3.53 On account of good economic conditions, establishment of debt recovery tribunals (DRTs) and enactment of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, the gross nonperforming assets (GNPAs) ratio of public sector banks (PSBs) steadily declined from 13.1 per cent in 2000-01 to 2.1 percent in 2008-09 and of scheduled commercial banks (SCBs) declined from 12 per cent to 2.5 percent. However, GNPAs of the SCBs, especially PSBs have shown an increase during the recent years. NPAs of PSBs increased to 3.8 per cent as on March, 2013 and further to 5.3 per cent (provisional) as on September 2014. In case of SCBs, it increased from 3.4 per cent as on March 2013 to 4.6 per cent (provisional) as on September 2014, due to sluggishness in the domestic growth during the recent past, slowdown in recovery in the global economy and continuing uncertainty in the global markets.

3.54 In the current fiscal (up to September 2014), the total advances to industries amount to ₹ 29152 billion (₹ 27456 billion in the corresponding period of the previous fiscal), out of which infrastructure sector received ₹ 9748 billion (33 per cent). It was ₹ 8522 billion in the corresponding period of the previous fiscal. The total NPAs generated in industry sector in the current fiscal, up to September 2014, amounted to ₹ 1620 billion (₹ 1311 billion in the corresponding period of the previous fiscal) out of which ₹ 258 billion was in infrastructure sector (around 16 per cent). In the corresponding period of the previous fiscal NPA in infrastructure was ₹ 175 billion (13.3 per cent).

3.55 Stressed assets, which include NPAs and restructured advances, have increased. Gross NPAs for the scheduled commercial banks (SCBs) increased by ₹ 187 billion (by 7.2 per cent) from Rs 2618 billion in June 2014 to ₹ 2805 billion in September 2014. Similarly restructured advances increased from ₹ 3680 billion to ₹ 3755 billion (2.6 per cent) during the same time period. The total stressed assets increased by 4.5 per cent from ₹ 6297 billion to ₹ 6580 billion between June to September 2014.

3.56 As on June 2014, gross credit to large industries constituted 81.3 per cent of total gross credit to all industry segments by SCBs. The stressed assets (i.e., gross NPAs plus restructured standard advances) in large industries constituted 87.6 per cent of total stressed assets in all industries. Among various industries, SCBs' credit to infrastructure showed substantial asset quality problems. In the infrastructure sector, a rising trend has been witnessed in gross NPA ratio, which increased from 1.5 per cent in March 2013 to 2.3 per cent in March 2014 and further to 2.6 per cent in June 2014. Similarly, the stressed asset ratio for infrastructure also saw a rise from 18.1 per cent in March 2013 to 20.3 per cent in March 2014 and further to 21.5 per cent in June 2014.

3.57 Macro-stress tests are conducted by the Reserve Bank of India to ascertain the resilience of banks against macroeconomic shocks. These studies suggest that under the baseline scenario, the GNPA ratio is expected to be around 4.1 per cent of total advances during the fiscal 2014-15. However, if the macroeconomic conditions deteriorate, the GNPA ratio may increase to around 4.5 per cent under medium stress scenario and 5.1 per cent under severe stress scenario by March 2015.

3.58 Although there are serious concerns about deterioration of asset quality due to global and domestic economic conditions; yet some comfort is provided by the relatively strong capital adequacy of banks, which may ensure that the banking system remains resilient even in the unlikely contingency of having to absorb the entire existing stock of NPAs. At the same time, the GNPA position of the banking system compares favorably with other developed and developing economies. For example, the GNPAs as share of total advances in United States of America stood at 3.2 per cent, in Germany at 2.9, in Spain 8.2 per cent and in Italy 5.1 per cent. Whereas among emerging economies, in Brazil the Gross NPA was 2.9 per cent of its total assets and in Russia it was 6 per cent (of different time periods).

3.59 The total assets of the Indian banking sector (SCBs) stood at 94.7 per cent of GDP in 2012-13, which increased to 96.6 per cent in 2013-14.

Financial inclusion

3.60 As per Census 2011, 58.7 per cent households reported availing banking services in the country vis-a-vis 35.5 per cent households in 2001 census. Financial inclusion is an important priority of the Government. To achieve the objective of financial inclusion by extending financial services to the large hitherto un-served population of the country and to unlock its growth potential, a flagship initiative "Pradhan Mantri Jan-Dhan Yojana (PMJDY)" was launched on August 28, 2014 (Box 3.3).

Box 3.3: Pradhan Mantri Jan-Dhan Yojana (PMJDY)

With the launch of Pradhan Mantri Jan-Dhan Yojana (PMJDY) by Hon'ble Prime Minister on August 28, 2014, banks have been asked to provide universal access to banking facilities under which all the six lakh villages across the country will be provided at least one Basic Banking Account, per household, with indigenous RuPay Debit Card having inbuilt accident insurance of ₹1.00 lakh and Life Insurance cover of ₹30,000/-. An overdraft facility of upto ₹5000/- after satisfactory operation in the account for six months is also provided. Life insurance cover and accident insurance cover will boost the insurance penetration. Performance of the Yojana can be gauged as under:

- 1,04,333 Camps were organized throughout the country on the day of the launch i.e. August 28, 2014.

- 1,84,68,288 number of accounts were opened on the day of the launch
- Number of accounts opened is 7.24 crore as on November 10, 2014, out of which 2.95 crore are in urban areas and 4.29 crore in rural areas.
- An amount of ₹ 5611.19 crore has been deposited in these PMJDY accounts till November 10, 2014.
- The target for opening of accounts under PMJDY has been revised from 7.5 crore to 10 crore by 26th January, 2015.

RuPay Card:

- *RuPay*, a new card payment scheme has been conceived by National Payments Corporation of India, dedicated to the nation by the President of India on May 8, 2014. It offers a domestic, open-loop, multilateral card payment system which will allow all Indian banks and financial institutions in India to participate in electronic payments, which has a marginal transaction fee. It is not linked to Visa or Master Card or American Express – therefore, there is no brand-related payment.
- *RuPay* symbolizes the capabilities of banking industry in India to build a card payment network at much lower and affordable costs so that dependency on international card scheme is minimized. This is in line with many of the large emerging nations like China which have their own domestic card payment system.
- Government of India has directed banks to issue Debit cards to all Kissan Credit Card (KCC) and DBT beneficiaries and that every new account holder should be issued a debit card.
- The Point of Sale (POS) machine that Business Correspondents (BC) carry can be used to deal with the RuPay card. The PMJDY solves the problem by providing bank accounts as well as the security of cash holding. The rural population is armed with an alternative to the cash holding, and make their transactions in a secured option.
- The payment solutions are an important part of financial inclusion. The main concern of finding a way to encash payments is solved through PMJDY, as the BC carries the POS machine - the RuPay card holder in the village hands over the card, collects cash and uses it to make payments.
- The *RuPay* Card works on ATM, Point of Sale terminals, & online purchases and is therefore not only at par with any other card scheme in the world but also provides the customers with the flexibility of payment options·
- Number of RuPay Debit Cards issued as on November 10, 2014 is 3.97 crore and this number is rising day by day.

Government Securities market

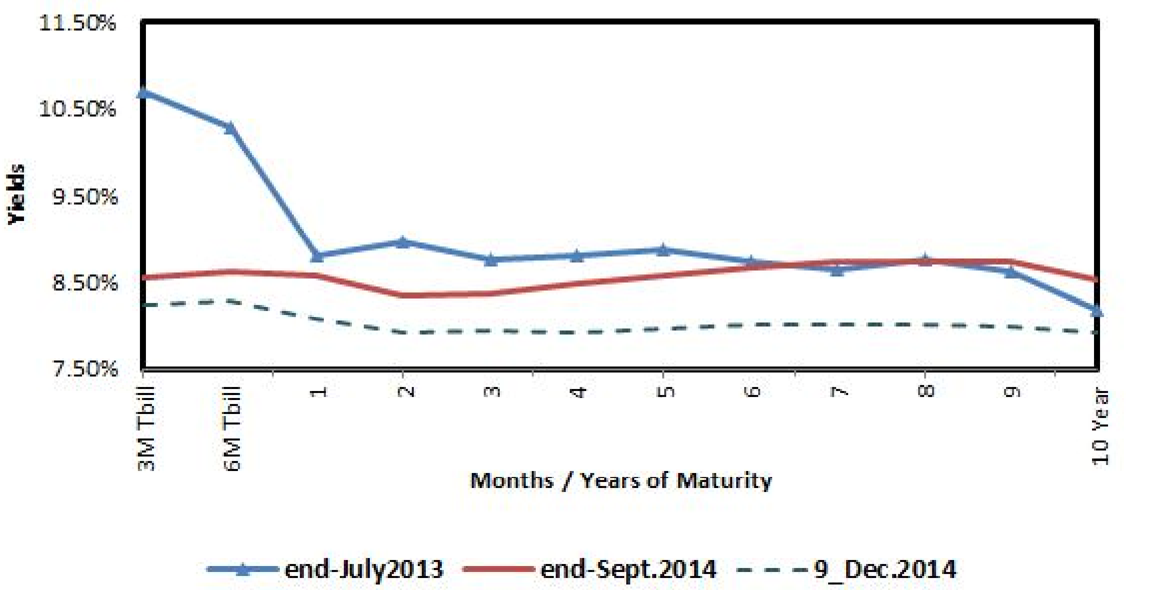
3.61 Gross borrowings raised by the Central Government during April-November 2014 (up to November 10, 2014) constituted 68.7 per cent of budgeted gross borrowings, lower than 72.4 per cent in the corresponding period of the previous year. Net borrowings (including repurchases) during this period constituted 59.8 per cent of budgeted net borrowings as compared with 71.1 per cent in the corresponding period of previous year. Though the Central Government borrowing programme in 2014-15 was budgeted higher than the previous year, the borrowings have been proposed to be reduced by ₹8000 crore in view of higher cash-inflows projections for the year.

Interplay of factors influenced the yields on government securities during the year so far. The bench mark 10-year yield (8.24 per cent GS 2023), which started the year at 8.99 per cent, reached its highest level of 9.15 per cent on April 7, 2014. However, the yields moderated significantly since mid- August 2014 and the new benchmark 10-yr security touched a new low in December 2014.

3.62 The yield curve shifted down across the curve from July 31, 2013 to December 9, 2014. Yield curve witnessed significant correction in very short end of the curve, which was at elevated levels in Q3 2013 due to RBI policy measures to support the Rupee on account of capital outflows as well as rise in inflation rate. Yield curve also flattened in 2-10 year band from inversion earlier in July 2013.

3.63 The yields hardened in the months of August and September 2013 mainly due to capital outflows from debt market triggered by uncertainty regarding QE3 programme of the US Federal Reserve. The subsequent monetary tightening by RBI to support the Rupee as well as rise in inflation rate also put upward pressure on yields. (Figure 3.9)

Figure 3.9: Yield Curve on Government Securities



3.64 The primary factors responsible for the current easing include positive market sentiment on account of expectations from new government at centre on policy front post general elections, a three year low retail inflation reading in September 2014, lower inflation expectations on account of significant correction in commodity prices since June 2014, government's expected action in budget on fiscal deficit targets, reshuffling of debt limit for FIIs in long term paper within the earlier limit of $30bn, better than expected GDP growth in Q1 2014, up gradation of sovereign rating by S&P from BBB negative to stable, reduction in borrowings as announced for second half auction calendar, deregulation of the diesel prices, forecasts for crude oil at very low levels, expectation among some of rate cut by RBI, *etc*. Factors which turned the market sentiment bearish intermittently and brought yields under upward pressure included elevated inflation numbers till July 2014, growing geopolitical tension in the Gulf region and Ukraine-Russia standoff, Central Bank decision to gradually reduce held-to-maturity (HTM) ceiling on bonds holdings by banks, *etc*. The weighted average maturity of securities issued during 2014-15 (up to November 10, 2014) was 14.46 years as compared with 14.37 years in the corresponding period of the previous year. The weighted average yield during the same period was 8.75 per cent as compared with 8.28 per cent in the corresponding period of the previous year. The maturity of issuance during the year remains elongated in view of the flat/inverted yield curve, better appetite for longer term debt and debt management considerations.

CAPITAL MARKET

Performance of Indian Markets

3.65 Market sentiments in India during the current financial year were affected by an array of domestic and global factors. On the domestic front, “green shoots” in the form of positive macroeconomic data boosted sentiments in the markets. Further, continued foreign portfolio investment (FPI) /foreign institutional investors (FII) inflows have had a buoyant impact on markets sentiments. On the Global front, IMF in its World Economic Outlook (October, 2014) indicates that despite setbacks, an uneven global recovery continues. In addition, the course of action adopted by the US Federal Reserve and Bank of Japan also impacted market sentiments.

3.66 Indian markets are one of the best performing markets globally and have recorded a growth of over thirty five percent between December 2013 and November 2014 (Table 3.21). Further, Indian markets reached historic high levels on November 28, 2014 when Sensex closed at 28,694.0 while Nifty closed at 8588.3.

Table 3.21: Performance of Major Stock Markets in the World*

Index/ Country	Index value on 28 Nov. 2014	Nov. 2014 over March 2014	Nov. 2014 over Dec 2013	Nov. 2014 over March 2014	Nov. 2014 over Dec 2013
		Per cent change (based on Index values in local currency terms)		Per cent change (based on Index values in US$ terms)	
NIFTY, India	8588.3	28.1	36.2	23.2	35.3
SHANGHAI COMPOSITE, China	2682.8	31.9	26.8	33.6	24.9
RTSI$, Russia	974.3	-20.5	-32.5	-20.5	-32.5
BOVESPA, Brazil	54724.0	8.5	6.2	-4.7	-2.5
JCI, Indonesia	5149.9	8.0	20.5	0.0	0.0
JSE40, South Africa	44205.8	2.8	6.6	-2.3	1.2
KOSPI, South Korea	1980.8	-0.2	-1.5	-5.3	-5.3
TAIWAN TAIEX	9187.2	3.8	6.7	2.0	2.6
S&P 500, US	2067.6	10.4	11.9	10.4	11.9
DAX, Germany	9980.9	4.4	4.5	-5.7	-5.8
FTSE 100, UK	6722.6	1.9	-0.4	-4.6	-6.1
NIKKEI 225, Japan	17459.9	17.8	7.2	2.2	-5.1
HANG SENG, Hong Kong	23987.5	8.3	2.9	1.4	2.4
Straits Times, Singapore	3350.5	5.1	5.8	8.3	2.9

**Data pertaining to some of the indices were not available on the above mentioned specific dates; in those cases the last trading day of the month has been taken.*
Source: Bloomberg

3.67 The table above represents performance of major world indices both in the local currency and in US dollar terms. The indices computed based on the US dollar terms takes into account the impact of additional factor into account i.e. the exchange rate (vis-à-vis the US dollar). The returns in Indian markets have not witnessed any noticeable change if measured in terms of US dollar. However, the differences in indices of some other countries in local and US dollar terms are on account of the fluctuations of the exchange rates vis-à-vis the US dollar. The FIIs make investments in markets on the basis of their perceptions of the returns that such markets can yield. Their perceptions depend upon a number of factors which inter-alia include the current macro-economic environment, the growth potential of the economy and corporate performance in different countries etc. The net FPI / FII equity inflow dipped to US$ 8.9 billion in 2013-14 from US$ 31.0 billion in

2012-13. However, the net FII / FPI inflows have recovered in 2014-15 and stand at US$ 30.9 billion till November 2014. Similarly the external commercial borrowings (ECB) and foreign direct investment (FDI) have also witnessed increasing trend (Table 3.22).

Table 3.22: Net FPI/FII Investment, ECB and FDI flows in India during 2008-09 to 2014-15 (US$ Billion)

Segments	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1 Net FPI/FII							
a Equity	-10.3	23.2	24.3	9.0	25.8	13.4	12.3
b Debt	0.5	7.3	7.9	9.9	5.2	-4.6	18.7
Total (a+ b) #	-9.8	30.6	32.2	18.9	31.0	8.9	30.9
2. ECB	16.7	17.6	24.6	34.4	30.6	32.9	13.4
3.FCCB	0.5	4.1	1.2	1.6	1.4	0.3	0.6
Total(2+3) ##	17.2	21.7	25.8	36.0	32.0	33.2	13.9
4 Net FDI ##	22.4	17.9	11.8	22.1	19.8	21.6*	16.2**

Source: Net FPI/FII = Securities and Exchange Board of India and National Securities Depository Limited,, ECB, FCCB and Net FDI = RBI. Figures pertain to financial year, # = Figures for 2014-15 are till November 2014 , ## = figures for 2014-15 are till September 2014
**Partially Revised, **Preliminary, FPI= Foreign Portfolio Investment , FII= Foreign Institutional Investor ECB=External Commercial Borrowing, FCCB= Foreign Currency Convertible Bonds, FDI=Foreign Direct Investment*

Capital Market Reforms Initiatives

3.68 The Government in consultation with RBI and SEBI has been pursuing reforms in Indian capital markets aiming to improve operational efficiency, introduce new instruments, reduce transactions costs, and strengthen regulatory/ institutional framework. In order to attract buoyant capital flows into the economy, Union Budget 2014-15 proposed a number of measures which include the following:

- Extending a liberalized facility of 5 per cent withholding tax to all bonds issued by Indian corporate abroad for all sectors and extending the validity of the scheme to June 30, 2017.
- Liberalizing the ADR/GDR regime to allow issuance of depository receipts on all permissible securities.
- Allowing international settlement of Indian debt securities.
- Completely revamp the Indian Depository Receipt (IDR) and introduce a much more liberal and ambitious Bharat Depository Receipt (BhDR).
- Introducing a system of uniform KYC norms and inter-usability of the KYC records across the entire financial sector.
- Introducing one single operating de-mat account so that Indian financial sector consumers can access and transact all financial assets through this one account.

New Depository Receipts (DRs) Scheme of 2014

3.69 The new liberalized ADR/GDR Scheme as drafted by Sahoo Committee has been notified and will come into force with effect from December 15, 2014. The new Scheme allows issuance of DRs against any underlying securities - equity or debt; by any issuer - listed or unlisted. DRs can now be issued both for capital raising through new shares or against existing/ secondary shares and the issuance may be either sponsored or unsponsored. Further DRs will count as public shareholding if they have attached voting rights for holders.

Review of Framework of Access to Domestic and Overseas Capital Markets-Indian Depository Receipts

3.70 A Committee was constituted under the chairmanship of Shri. M.S. Sahoo, Secretary, Institute of Company Secretaries of India to review the entire framework of access to domestic and overseas capital markets and related aspects. The Committee submitted its Report in respect of Indian Depository Receipts (IDRs) to Government of India in June, 2014.

3.71 The Committee has suggested reforms in the framework of domestic depository receipts, within the overall capital control regime. The laws and regulations relating to markets and Indian institutional investors must be modified to ensure that there is a level playing field between an Indian security and a domestic DR in the eyes of all Indian institutional investors and they must be allowed, enabled and encouraged to reduce their portfolio risk through international diversification including investments in IDRs.

3.72 The Committee refers to the set of foreign securities accessible to Indian investors under the capital control regime as "permissible securities". It refers to the DRs on the back of such permissible securities as "Bharat Depository Receipts (BhDRs)". It also recommends to create two levels of BhDRs with Level-I being restricted to sophisticated investors and Level-II being made available for all investors, including Indian retail investors. Sahoo Committee has also drafted BhDR Guidelines to revamp the Indian Depository Receipt Regime. SEBI and Ministry of Corporate Affairs (MoCA) have been requested to issue necessary guidelines and effect changes necessary to operationalize BhDRs.

Foreign Portfolio Investment (FPI) Regulations, 2014

3.73 The new SEBI FPI Regulations, 2014 has helped to rationalize / harmonize various foreign portfolio investment routes and to establish a unified, simple regulatory framework. As part of risk based approach towards customer identity verification (KYC), FPIs have been categorized into three major categories; category I, II and III where the documentary requirements are simplest for Category I and most stringent for Category III.

Option for T+2 settlement for secondary trading in G-Secs for FPIs

3.74 In order to address operational issues faced by foreign portfolio investors and long-term foreign investors, it has been decided to provide extended reporting timings on trade date and an option for T+2 settlements for secondary market OTC trades in Government security for FPIs.

Currency Derivatives Market

3.75 Several restrictive measures were adopted in 2013 when volatile conditions were observed in the domestic foreign exchange market. However, facility of rebooking of cancelled contracts falling due within one year has been restored. Forward contracts booked by FIIs/QFIs/other portfolio investors, once cancelled, can now be rebooked up to the extent of 10 per cent of the value of the contracts cancelled.

3.76 Restrictions imposed on AD Category-I banks regarding undertaking proprietary trading in the Exchange Traded Currency Derivatives (ETCD) market has now been removed. Further, they are also permitted to net / offset their positions in the ETCD market against the positions in the OTC derivatives markets. Especially to bring about an alignment between the Over the Counter (OTC) markets and ETCD markets.

3.77 Foreign Portfolio Investors (FPIs) who are eligible to invest in the Indian debt and equity assets under FEMA, 1999 are allowed access to the currency futures or exchange traded currency options for the purpose of hedging the currency risk arising out of the market value of their exposure to Indian debt and equity securities. FPIs can take position – both long(bought) as well as short(sold)

– in foreign currency up to US$ 10 million or equivalent per exchange without having to establish existence of any underlying exposure.

3.78 Concerted efforts are being made to deepen and revamp the currency derivatives market by eliminating unnecessary restrictions. It is also aimed to allow exchange trading of more currencies and wider foreign participation in currency market. Standing Council of Experts constituted to asses and make recommendations regarding the international competitiveness of the Indian Financial Sector is preparing a report comprising policy proposals in this regard.

Liberalization/Rationalization of External Commercial Borrowing (ECB) Policy

3.79 There has been progressive liberalization and rationalization of the key components of ECB regulations. Recent initiatives with regard to ECB policy are:

- To strengthen foreign capital inflows to infrastructure, the definition of the infrastructure sector stands expanded for the purpose of using ECBs. Non-banking financial companies (NBFCs) categorized by the RBI as asset finance companies (AFCs) and complying with prescribed norms have been conditionally allowed to avail of ECBs under the automatic / approval routes to finance the import of infrastructure equipment for leasing to infrastructure sectors.
- The ECB limit for NBFCs – infrastructure finance companies (IFCs) has been raised from 50 per cent to 75 per cent of their owned funds, including the outstanding ECBs under the automatic route, and beyond 75 per cent of their owned funds under the approval route. The hedging requirements for currency risk are reduced from 100 per cent to 75 per cent of exposure.
- Benefits under the US$ 10 billion scheme, allowing borrowers who are consistent forex earners to refinance rupee loans taken from domestic banks, has been made available to companies which have JVs(Joint Ventures)/WOs(Wholly Owned subsidiaries)/ and have acquired assets overseas in compliance with extant FEMA regulations, subject to the condition that repayment should be out of forex earnings.
- Permission for credit enhancement by eligible non-resident entities (multilateral/regional financial institutions, government owned development financial institutions and direct/ indirect foreign equity holder(s)), that was earlier available exclusively for the infrastructure sector is now extended to all borrowers eligible to raise ECB under the automatic route.
- Eligible domestic subsidiaries of foreign companies are now permitted to avail ECB with minimum average maturity of 7 years for general corporate purposes from their foreign equity holder companies subject to certain conditions.
- Relaxation of external commercial borrowings in Indian Rupees. At present all eligible borrowers are eligible to raise ECB in Indian Rupees only from their foreign equity holders. With a view to providing greater flexibility for structuring of ECB arrangements, it has been decided that all recognized non-resident ECB lenders may extend loans in Indian Rupees by mobilizing Indian Rupees through swaps undertaken with an Authorized Dealer; Category I Bank in India in terms of Circular issued by RBI on September 03, 2014.

Reforms in the Secondary Market Section

3.80 **Amendment to SEBI (Delisting of Equity Shares) Regulations, 2009:** SEBI board has decided to amend the SEBI (Delisting of Equity Shares) Regulations, 2009. Delisting shall be considered successful only when (a) the shareholding of the acquirer together with the shares tendered by public shareholders reaches 90% of the total share capital of the company and (b) if at least 25% of the number of public shareholders, holding shares in dematerialized mode as on the date of the Board meeting which approves the delisting proposal, tender in the reverse book building process. Among others, timelines for completing the delisting process has been reduced from 137 calendar days (approx 117 working days) to 76 working days.

3.81 **Single Demat Account -** The Budget 2014-15 had proposed to introduce one single operating demat account so that Indian financial sector consumers can access and transact all financial assets through this one account. Inter-Regulatory Technical Group (IRTG) is working on the implementation modalities. As a first step in this direction, SEBI has directed the Depositories, Asset Management Companies and Mutual Fund RTAs to put in place a system to enable a single consolidated view of all the investments of an investor in Mutual Funds (MF) and securities held in demat form with the Depositories.

3.82 **Enhancing Retail Participation in the Indian Financial Markets through participation in CPSE (Central Public Sector Enterprises) divestments:** Retail investors provide depth and stability to the market as they can be the bulwark to any possible volatility created by the institutional investors - FIIs or big domestic institutional investors. In fact, the institutional investors have occupied the place which was left behind by the retail investors. The retail participation in the CPSE divestment offers through Offer for Sale (OFS) route has also been shallow. SEBI has expanded the framework of OFS of shares through stock exchange mechanism. It has provided for reservation for retail individual investors. Minimum 10% of the issue size has been reserved for retail investors i.e. for the investors bidding for amounts less than Rs two lakhs. In case this percentage is not fully utilized, the unutilized portion may be offered to other investors. Seller of shares may offer a discount to retail investors in accordance with the framework specified from time to time.

Development of corporate bond market

3.83 The Union Budget 2014-15 proposed to set up vibrant, deep and liquid corporate bond market in the country. Various Policy reform measures were implemented in consultation with RBI, SEBI, MCA and IRDA to improve the regulatory regime and to stimulate the growth of corporate bond market. Policy reform measures that were actively pursued included:

i. Shift from bank dominated financing of corporate debt to a corporate bond based regime.

ii. Strengthening of the legal framework for regulation of corporate debt by amendments in rules/regulations formulated by Ministry of Corporate Affairs, SARFAESI Act and Income Tax Act.

iii. Relaxation of investment guidelines for pension funds, provident funds, insurance funds etc to enable the inclusion of a long-term and stable class of investors.

iv. Introduction of new products or removal of legal or regulatory constraints for nascent products such as covered bonds, municipal bonds, credit default swaps, credit enhancements and securitisation receipts.

v. Improving the market infrastructure for enabling liquidity, transparency in price discovery and for stimulating growth in trading volumes.

3.84 A detailed agenda paper containing all 32 items on development of corporate bond market was discussed in the FSDC meetings held during 2012-13 under the chairmanship of Hon'ble Finance Minister with the representatives of MCA, DFS, DoR, IRDA, SEBI and RBI. Out of all 32 items, most of them have been implemented. While many steps have been implemented via notifications/circulars by respective regulators, other measures such as guidelines on credit enhancement by RBI, guidelines for covered bond by National Housing Bank and municipal bonds by Ministry of Urban Development are under advanced stages of implementation.

3.85 Subsequently, various suggestions received from markets participants, which *inter-alia* include improving liquidity in the secondary market, developing robust bond holder protection mechanism, rationalization of stamp duty, strengthening of credit enhancement facilities, developing a mechanism for the market maker through incentives and adequate supports for the development of corporate bond and encouraging FII participation etc have been discussed in the Sub Committee of FSDC Meeting held on 9th August 2014. The same are being examined by the concerned Institutions/Regulators.

3.86 In the aforesaid meeting it was decided that a group headed by a former Law Secretary would examine all the existing laws and a single Bankruptcy Code would be put in place as an effective Bankruptcy Code is critical in developing a sound corporate bond market. It was also decided to constitute a group to recommend various measures for further developing the corporate bond market.

Financial Sector Legislative Reforms Commission (FSLRC)

3.87 The Financial Sector Legislative Reforms Commission (FSLRC) set up in March 2011, for re-writing the financial sector laws to bring them in harmony with the current requirements, submitted its Report to the Government on March 22, 2013.

3.88 As part of the legislative recommendations, FSLRC has recommended the 7 agency structure for the financial sector. The Government has set up four Task Forces on 30th Sept 2014 for laying down the roadmap for upgrading the existing Securities Appellate Tribunal (SAT) to the Financial Sector Appellate Tribunal (FSAT) and establishment of new agencies like, the Resolution Corporation (RC), Public Debt Management Agency (PDMA) and Financial Data Management Centre (FDMC) on which there is broad agreement amongst the financial sector regulators. Efforts on seeking Technical Assistance from the US Treasury, IMF and WB for setting up the RC, FDMC and PDMA respectively are underway.

3.89 The Draft Law - Indian Financial Code recommended by the FSLRC is being fine tuned on the basis of comments of stakeholders suitably incorporated to make it legally flawless.

TRADE

Trade Performance 2014-15 (April-November)

3.90 After the negative growth of 1.8 per cent in 2012-13, growth of exports picked up, albeit, slowly in 2013-14 by 4.7 per cent to reach a level of US$ 314.4 billion. In 2014-15 (April-November) India’s export reached US$ 215.8 billion registering a growth of 5.0 per cent over corresponding period of 2013-14.

3.91 Import growth which was 0.3 per cent in 2012-13 and (-) 8.3 per cent in 2013-14, picked up in 2014-15 (April-November) to 4.6 per cent. Imports reached US$ 450.2 billion in 2013-14 and US$ 316.4 billion in 2014-15 (April-November). Value of oil imports declined to US$ 106.6 billion in 2014-15 (April-November) from US$ 108.3 billion in 2013-14 (April-November) as a result of softening of international crude oil prices. Imports of gold and silver declined by 40.4 per cent in 2013-14 and increased by 9.5 per cent in the first eight months of 2014-15.

3.92 India’s trade deficit declined from US$ 190.3 billion in 2012-13 to US$ 135.8 billion in 2013-14. In 2014-15 (April-November) trade deficit was at US$ 100.6 billion, which was marginally higher at 3.8 per cent in the first eight months of 2013-14.

Quarterly Trends of Merchandise Trade

Quantum and Unit Value Index of Exports and Imports

3.93 Export growth in US $ terms improved from (-) 0.5 per cent in the last quarter of 2013-14 to 7.4 per cent in the first quarter of 2014-15, but decelerated to 1.8 per cent in Q2 of 2014-15 (Table 3.23). Similarly in rupee terms, it accelerated to 14.9 per cent in the 1st quarter of 2014-15 and declined to (-) 0.9 per cent in the 2nd quarter of 2014-15.

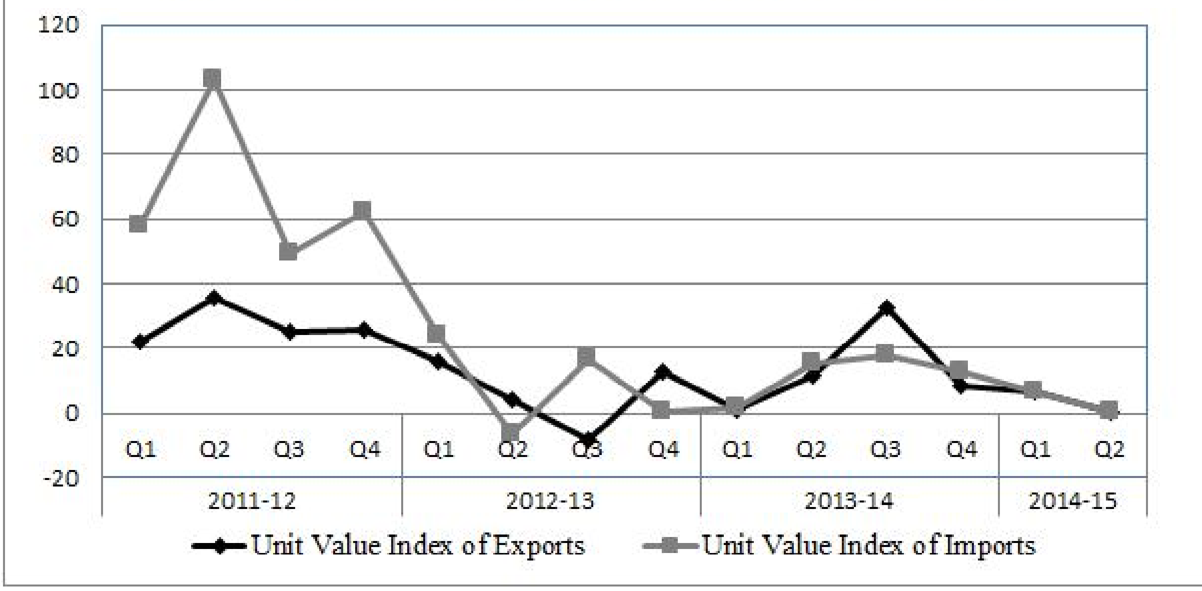
3.94 The pickup in exports in Q1 of 2014-15, despite the deceleration in the growth of unit value index (Figure 3.10) was mainly due to the growth in quantum index of exports at 7.1 per cent compared to the negative growth of the earlier two quarters (Figure 3.11). This quantum growth was contributed by manufactured goods. In Q2 of 2014-15, there was deceleration in export growth with moderation in quantum index and sharp deceleration in unit value index of exports.

Table 3.23: Growth rate of Exports and Imports (Year-on-Year)

	Exports				Imports				Terms of Trade	
	US$ terms	Rupee terms	Quantum Index	Unit Value Index	US$ terms	Rupee terms	Quantum Index	Unit Value Index	Net	Income
2011-12 Q1	36.4	33.6	13.0	22.0	36.2	33.6	-15.6	58.0	-22.8	-12.8
2011-12 Q2	44.8	42.7	3.5	35.8	40.0	37.9	-32.0	102.9	-33.0	-30.7
2011-12 Q3	11.2	26.2	2.5	25.1	29.6	47.2	-12.9	49.1	-16.1	-13.9
2011-12 Q4	4.0	15.6	-6.9	25.6	24.7	38.6	-12.9	62.3	-22.7	-28.0
2012-13 Q1	-3.9	16.3	4.8	16.1	-5.0	14.8	-8.2	24.0	-6.3	-1.9
2012-13 Q2	-8.5	10.3	9.9	4.2	-0.7	19.8	25.2	-6.1	10.9	21.9
2012-13 Q3	0.7	6.9	15.2	-7.9	6.2	12.9	9.5	16.7	-21.1	-9.1
2012-13 Q4	4.5	12.6	11.9	13.0	0.8	8.6	7.4	0.4	12.5	25.9
2013-14 Q1	-0.1	3.1	-0.9	1.3	3.7	7.0	6.8	1.9	-0.6	-1.5
2013-14 Q2	12.9	27.4	14.6	11.7	-8.6	2.9	-10.7	15.1	-3.0	11.2
2013-14 Q3	7.3	22.9	-4.9	32.7	-15.1	-2.7	-18.0	17.9	12.5	7.0
2013-14 Q4	-0.5	13.4	-0.5	8.4	-12.0	0.3	-13.4	13.0	-4.1	-4.6
2014-15 Q1 (P)	7.4	14.9	7.1	6.8	-6.3	0.4	-6.8	6.8	0.0	7.1
2014-15 Q2 (P)	1.8	-0.9	2.7	0.6	10.1	7.3	9.3	0.2	0.4	3.1

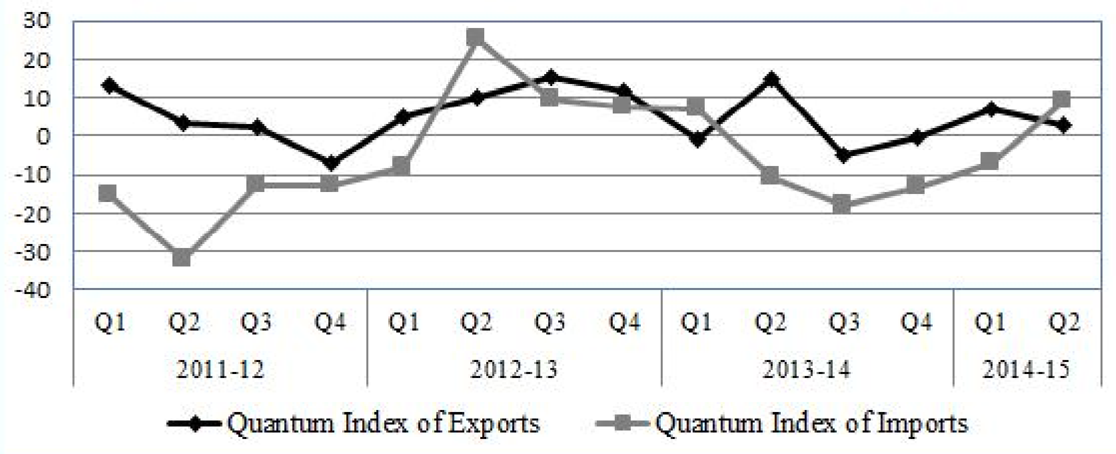
Source: Calculated from Directorate General of Commercial Intelligence and Statistics (DGCI&S) data
P stands for provisional

Figure 3.10: Growth rate of Unit Value Index of Exports and Imports



3.95 The negative / low import growth both in dollar and rupee terms in the four quarters till Q1 of 2014-15 was due to the negative growth in quantum of imports, despite unit value of indices being positive and also high in most quarters. However, in Q2 of 2014-15, quantum index of imports rose sharply which is also due to the low base effect, while unit value index fell due to fall in crude oil prices.

Figure 3.11: Growth rate of Quantum Index of Exports and Imports



3.96 Growth in net barter terms of trade (the ratio of unit value index of exports to unit value index of imports) which varied in the last few quarters showed zero growth in Q1 and a marginal growth of 0.4 per cent in Q2 of 2014-15. Growth in income terms of trade reflecting the capacity to import, after becoming negative in Q4 of 2013-14, improved in Q1 of 2014-15 to 7.1 per cent, as a result of the increase in the growth of quantum index of exports. With the moderation in quantum index of exports, income terms of trade moderated to 3.1 per cent in Q2 of 2014-15.

Composition of Trade

3.97 In the first half of 2014-15, export growth was high in engineering goods (23.5 per cent), leather & leather manufactures (18.6 per cent) and marine products (26.3 per cent); moderate in chemicals and related products (9.0 per cent), textiles (9.7 per cent), handicrafts (6.8 per cent); low in petroleum and products (3.0 per cent) and negative in agriculture and allied products (-4.5 per cent), gems and jewellery (-3.8 per cent), ores and minerals (-13.6 per cent) and electronic goods (-19.0 per cent) (Table 3.24).

Table 3.24: Sector-wise share and growth rate of exports

	Share				Growth rate			
	2012-13	2013-14	2013-14	2014-15	2012-13	2013-14	2013-14	2014-15(P)
			(April-September)				(April -September)	
Plantation	0.6	0.5	0.5	0.5	-2.6	-11.7	-14.0	-4.4
Agri & Allied Products	10.7	10.4	10.2	9.3	16.0	0.9	-0.1	-4.5
Marine Products	1.2	1.6	1.4	1.7	0.1	46.2	42.2	26.3
Ores and minerals (Excl. Coal, incl. Mica)	1.8	1.8	1.8	1.5	-34.1	2.2	-7.3	-13.6
Leather & leather mnfrs	1.6	1.8	1.8	2.0	1.9	17.4	13.6	18.6
Gems & Jewellery	14.3	13.2	14.0	12.8	-7.1	-3.9	-1.5	-3.8
Chemical & Related Products	13.5	13.8	13.7	14.2	5.6	7.4	8.1	9.0
Engineering Goods	19.0	19.7	18.7	22.0	-1.7	8.6	1.1	23.5
Electronic goods	2.5	2.3	2.3	1.8	-8.9	-4.2	-6.1	-19.0
Textiles incl. RMG	8.9	9.8	9.5	10.0	-2.6	15.6	14.1	9.7
Handicrafts including carpet handmade	0.7	0.9	0.9	0.9	8.8	29.2	26.9	6.8
Cotton Raw incl. Waste	1.2	1.2	0.4	0.5	-17.4	-0.9	-41.9	31.1
Petroleum, crude & products (incl. Coal)	20.3	20.1	21.3	20.8	8.6	3.8	19.0	3.0
Total Exports	100.0	100.0	100.0	100.0	-1.8	4.7	6.3	5.0

Source: Calculated from Directorate General of Commercial Intelligence and Statistics (DGCI&S) data
Note: Growth rate is US dollar terms; P stands for provisional

3.98 Among major imports (other than POL and gold and silver), growth of coal, coke and briquettes and capital goods were negative in 2012-13 and 2013-14 but positive at 3.4 per cent and 5.3 per cent respectively in the first half of 2014-15. Chemical products and electronic goods witnessed growths of 14.8 per cent and 9.9 per cent respectively in the first half of 2014-15. Import growth of pearls & semi-precious stones and fertilizers was (-) 0.8 per cent and (-) 18.8 per cent respectively in the first half of 2014-15 (Table 3.25).

Table 3.25: Import of principal commodities

	Share				Growth rate			
	2012-13	2013-14	2013-14	2014-15	2012-13	2013-14	2013-14	2014-15
			(April-September)				(April-September)	
Food and allied products $	2.5	2.0	1.8	2.6	21.9	-26.0	-33.2	47.9
POL	33.4	36.6	34.7	35.2	5.9	0.4	0.0	3.1
Fertilizers	1.8	1.4	1.7	1.4	-21.2	-28.1	-17.6	-18.8
Capital goods	13.1	11.8	11.8	12.3	-6.6	-17.0	-16.9	5.3
Chemical products	8.0	9.0	8.9	10.1	5.0	3.0	5.1	14.8
Pearls, precious and semi-precious stones	4.6	5.3	5.5	5.3	-19.3	5.4	27.6	-0.8
Gold and silver	11.4	7.4	9.9	7.1	-9.5	-40.4	7.3	-27.3
Electronic goods	6.7	7.2	7.3	7.9	-3.5	-1.6	2.3	9.9
Coal, Coke & Briquettes, etc.	3.5	3.6	3.5	3.6	-2.5	-3.7	-11.3	3.4
Total imports	100.0	100.0	100.0	100.0	0.3	-8.3	-2.5	1.6

Source: Calculated from Directorate General of Commercial Intelligence and Statistics (DGCI&S) data
Note: Growth rate is US dollar terms
P stands for provisional
$ Includes pulses, edible oil

Direction of Trade

3.99 In the first half of 2014-15, there was high growth in exports to Africa (25.0 per cent), Latin America (46.7 per cent), North America (13.1 per cent), but low growth in exports to Asia (4.4 per cent), Europe (2.6 per cent), and CIS and Baltics (1.9 per cent). Although, growth in exports to Asia was low at 4.4 per cent, within Asia, India's export growth to South Asia was high (33.0 per cent) followed by East Asia (32.3 per cent). Among the major trading partners, India's export growth was high to US (11.6 per cent), and UAE (14.4 per cent); low to China (0.7 per cent) and UK (1.6 per cent) and negative to Singapore (-38.6 per cent) and Japan (- 13.8 per cent).

3.100 There was a decline in India's imports from Europe (-8.3 per cent), America (-0.3 per cent) and Asia (-0.5 per cent) regions and there was an increase in India's imports from Africa (21.3 per cent) and CIS Baltics (25.5 per cent) regions in the first half of 2014-15. Among the top 15 countries in India's imports, China occupies the top position with a share of 12.7 per cent and growth of 14.8 per cent in the first half of 2014-15. Imports of India from Nigeria, and Qatar witnessed a growth of 42.5 per cent and 12.0 per cent respectively. Negative growth was witnessed in the case of India's imports from Saudi Arabia (-6.4 per cent), UAE (-17.6 per cent), USA (-15.5 per cent) and Switzerland (-21.0 per cent) in the first half of 2014-15.

Services Trade

3.101 India's services exports were valued at US$ 151.5 billion with a growth of 4.0 per cent during 2013-14. Among the sub-sectors of services exports, financial services and communications grew robustly at 34.4 per cent, and 43.0 per cent respectively during 2013-14. In the first half of

2014-15 services exports grew by 3.7 per cent (US$ 76 billion) over the corresponding period in the preceding year.

3.102 Services imports declined by 2.8 per cent during 2013-14. Among the sub sectors of services imports, decline in growth was registered in transport, travel, insurance, and business services. In 2013-14, import of communication and software services increased by 43.4 per cent and 5.0 per cent respectively. In the first half of 2014-15, import of services at US$ 40 billion grew by 5.0 per cent over the corresponding period of previous year.

3.103 Net service exports were US $ 73.0 billion in 2013-14 with a growth of 12.4 per cent, financing 49.4 per cent of India's merchandise trade deficit as compared to 33.2 per cent in 2012-13. During the first half of 2014-15, it grew marginally by 2.4 per cent as compared to the same period of previous year.

Recent WTO related developments

3.104 The stalled negotiations at WTO got reactivated after the Indian Prime Minister held discussions with the US President during his visit to the USA in September 2014.Pursuant to their directions to consult urgently along with other WTO members on the next steps, India and the US held bilateral consultations and were finally able to resolve all differences. They arrived at an understanding on the contours of draft Decisions to be taken by the WTO General Council, in a manner that addressed India's concerns. Thereafter, the Director General of the WTO held consultations with all Members of the WTO to explain the draft Decisions and to seek their views. The General Council of the WTO adopted a Decision on Public Stockholding for Food Security Purposes, a Decision on the Trade Facilitation Agreement and a Decision on Post Bali Work on 27 November 2014.

3.105 The General Council Decision on Public Stockholding for Food Security Purposes is a new, unambiguous Decision which makes it clear that a mechanism, under which WTO Members will not challenge the public stockholding programmes of developing country members for food security purposes, in relation to certain obligations under the WTO Agreement on Agriculture, will remain in place in perpetuity until a permanent solution regarding this issue has been agreed and adopted. It includes a commitment to find a permanent solution on public stockholding for food security purposes by 31 December 2015 on a best endeavour basis and has a firm commitment to engage in negotiations for a permanent solution through an intensified programme of work.

3.106 The General Council also adopted a Protocol to make the Trade Facilitation Agreement a part of the WTO Agreement and opened the Protocol for acceptance. After this, the Trade Facilitation Agreement would automatically come into force if ratified by two-thirds of the members of the WTO. As per the General Council Decision on Post Bali Work, WTO Members have committed to resume work immediately and engaging constructively on the implementation of all the Bali Ministerial Decisions in the relevant WTO bodies, including on the preparation of a clearly defined work programme on the remaining issues of the Doha Development Agenda. The deadline for agreeing on the work programme is July 2015.

BALANCE OF PAYMENTS

3.107 The developments in the balance of payments (BoP) in 2013-14 reflected a mixed picture of turbulence in the initial parts of the year arising from a combination of domestic and external factors and subsequent resilience that owed to measures taken by the government to contain trade and current account deficits and boost capital inflows. This has been documented in detail in the Economic Survey 2013-14. Data on BoP basis available for the first two quarters of 2014-15 indicated a slight uptick in the levels of current account deficit (CAD) from last three quarters of 2013-14. As a proportion of GDP, CAD was at 1.7 per cent in the first quarter on par with the overall outcome in 2013-14. There was a slight uptick in the second quarter of 2014-15 with CAD at US $ 10.1 billion (2.1 per cent of GDP) leading to a half-yearly outcome of CAD of US $ 17.9 billion (1.9 per cent of GDP), which compares favourably with the outcome of US $ 26.9 billion (3.1 per cent of GDP). Capital flows (net) remained comfortable and in excess of the financing requirements in the first two quarters leading to reserve accretion. This in turn had implications for the exchange rate of the rupee which remained relatively stable during the first 8 months of the current financial year.

Developments in the first and second quarters

3.108 As per the data on balance of payments released by the RBI on September 1, 2014 India's CAD was placed at US$ 7.8 billion in the first quarter of 2014-15, which compares favourably with the level of US $ 21.8 billion in the first quarter of 2013-14. As a proportion of GDP, the CAD moderated to 1.7 per cent of GDP from 4.8 per cent in the same reference periods. However, CAD in the last three quarters of 2013-14 was US $ 5.2 billion (1.2 per cent of GDP), US $ 4.1 billion (0.9 per cent of GDP) and US $ 1.3 billion (0.3 per cent of GDP), respectively. Trade deficit accounted for the bulk of the changes in CAD. After being placed at US $ 50.5 billion in the first quarter of 2013-14, trade deficit moderated to US$ 33 to 31 billion in the next three quarters and was at US $ 34.6 billion in the first quarter of 2014-15. The outcome in terms of the trade deficit for the first quarter was composed of a level of exports of US$ 81.7 billion, which experienced a growth of 10.6 per cent year-on-year and imports of US $ 116.4 billion which indicated a decline of year-on-year 6.5 per cent. The decline in imports in the first quarter of the current financial year owed to a steep decline in gold imports of 57.2 per cent.

3.109 The RBI in its Press Release on December 8, 2014 presented the preliminary data on India's balance of payment (BOP) during the second quarter (Q2) and the first half (H1) of 2014-2015. India's current account deficit (CAD) widened to US$ 10.1 billion (2.1 percent of GDP) as against a level of US$ 5.2 billion (1.2 percent of GDP) in Q2 of 2013-2014. The increase in CAD year-on-year was fully explained by the rise in trade deficit with exports growing by 4.9 per cent in Q2 of 2014-15 (11.9 per cent in Q2 of 2013-14) and imports growing by 8.1 per cent in Q2 of 2014-15 (decline of 4.8 per cent in Q2 of 2013-14). This is understandable given the fact that last year there was a compression in gold imports and overall slowdown in non-agricultural output.

3.110 The deceleration in exports largely owed to moderation in oil prices from an average of US $ 107.6/bbl in 2013-14 (Q2) to US $ 101.7/bbl in 2014-15 (Q2). Non-oil non-gold imports grew sharply from (-) 5.2 per cent in 2013-14 (Q2) to 10.7 per cent in 2014-15 (Q2) and imports of petroleum, oil and lubricants increased by 1.6 per cent in 2014-15 (Q2) as against a growth of 1.0 per cent in 2013-14 (Q2). Thus, the bulk of the rise in imports owed to the year-on-year growth in gold imports which was placed at 95.5 per cent in 2014-15 (Q2). In quantity terms, gold imports increased from 96.0 tonnes in 2013-14 (Q2) to 190.8 tonnes, which represents a growth of 98.8 per cent. However, the unit value of gold marginally declined.

3.111 Data on merchandise trade available on customs basis (Source: DGCI&S, Kolkata) beyond the first half indicates that trade deficit on customs basis at US $ 100.6 billion during April-November 2014 is only marginally higher than the level of US$ 96.9 billion in April-November 2013. Considering the pick-up in economic activity and that international crude oil prices have fallen steeply, the outcome for CAD is likely to be similar. Considering the time as opportune, the RBI in consultation with the Government has lifted the 80:20 restrictions that were placed in import of gold last year on account of twin concerns of widening trade deficit and rapid FII debt outflows.

3.112 Net invisibles' surplus has been the major factor that moderated the spillover of high trade deficit to the outcome in terms of CAD. There was some diminution in the level of invisibles' surplus from around US $ 28-29 billion in the four quarters of 2013-14 to a level of US $ 26.8 billion in the first quarter of 2014-15. The lower invisible surplus was on account of higher outflow on investment income reflecting the interest, dividend and profit outgo on the stock of accumulated liabilities and marginally lower private transfers (remittances). The surplus from Invisibles account (mainly from services like software and remittances) remained more or less stable in the first two quarters with marginal changes in individual components. CAD for April-September 2014, however, was lower at US $ 17.9 billion (1.9 per cent of GDP) as against a level of US $ 26.9 billion (3.1 per cent of GDP) in 2013-14 (H1). This again owed largely to the lower trade deficit in 2014-15 (H1) which was placed at US$ 73.2 billion as against a level of US $ 83.8 billion in 2013-14 (H1) (Table 3.26).

Table 3.26: Major Components of Balance of Payments (US$ billion)

Items	2012-13 (PR)	2013-14 (P)	2013-14 (H1) P	2014-15 (H1) P
Exports	306.6	318.6	155.2	167.0
Imports	502.2	466.2	238.9	240.2
Trade Balance	-195.7	-147.6	-83.8	-73.2
Net Invisible	107.5	115.2	56.8	55.3
Current Account Balance	-88.2	-32.4	-26.9	-17.9
External assistance (Net)	1.0	1.0	0.1	0.6
Commercial Borrowing (Net)	8.5	11.8	2.5	3.4
FDI (Net)	19.8	21.6	14.6	16.2
Portfolio	26.9	4.8	-6.8	22.2
Short term Debt	21.7	-5.0	0.6	0.1
NRI Deposits	14.8	38.9	13.7	6.5
Errors & Omissions	2.7	-0.9	0.5	-2.5
Capital Account Balance (including errors & omissions)	92.0	47.9	16.3	36.0
Overall Balance	3.8	15.5	-10.7	18.1
Change in Reserves (- indicates increase; + indicates decrease) (on BOP Basis)	-3.8	-15.5	10.7	-18.1

P: Preliminary, PR: Partially Revised; Note: Total may not tally due to rounding off.
Source: RBI

3.113 Net inflows under financial/capital account of the BoP in the first quarter of 2014-15 were at US $ 19.8 billion; a tad lower than the level of US $ 20.6 billion in the first quarter of 2013-14. However, in relation to the needs of financing the CAD for the first quarter, the outcome in 2014-15 was far better, which resulted in reserve accretion of US $ 11.2 billion. Net capital/financial flows were placed at US $ 11.8 billion in 2014-15 (Q2) as against a level of US $ 5.6 billion in 2013-14 (Q2). This difference was largely to the pickup in portfolio inflows of US$ 9.8 billion as against an outflow of US $ 6.6 billion in Q2 of 2013-14. Compositionally, the financial/capital account inflows were dominated by investment flows with FDI and portfolio equity constituting the bulk of it. Net FDI (net) inflows for April-September 2014 was placed at US $ 16.2 billion as against a level of US $ 14.6 billion in April-September 2013. External commercial borrowings (net) were placed at US $ 3.4 billion as against a level of US $ 2.5 billion in the same two reference periods. In the case of FII information as available upto November 21, 2014 indicates net inflows of US $ 27.4 as against net outflows of US $ 7.5 billion in the corresponding period of 2013-14. The deposits mobilized under the non-resident scheme were a major redeeming feature in 2013-14, particularly in view of the limited period (between September-November 2013) special swap windows announced by the RBI to induce flows. Hence the lower inflows in April-September 2014 at US $ 6.5 billion (US $ 13.7 billion in April-September 2013). On overall basis, net financial/ capital inflows exceeded requirements of financing and was reflected in the build-up of foreign exchange reserves. On BoP basis, reserve accretion was US $ 18.1 billion in 2014-15 (H1) as against a drawdown of US $ 10.7 billion in 2013-14 (H1). According to the Sources of Variation of Forex Reserves published by the RBI, portfolio flows accounted for the bulk of the variation, followed by FDI and negative contributions were from other capital (mainly leads and lags in exports) and valuation loss arising from the strengthening of the US dollar against major currencies.

Foreign Exchange Reserves

3.114 India's foreign exchange reserves (FER) had declined significantly in the first half of 2013-14 following the reversal of foreign institutional investor inflows of the debt variety on the apprehensions of imminence of the tapering of asset purchase programme of the US Fed in a milieu of elevated levels of India's trade and current account deficits. One of the important measures taken to boost capital flows was the special swap facility for the foreign currency non-resident (banks) deposits, which mobilized a sum of about US $34 billion which directly flowed to RBI and thus boosted the FER position considerably in the second half. The momentum of building up of FER continued through the first half of 2014-15 and FER remained in excess of US$ 300 billion mark (Table 3.27 and Figure 3.12). As at end September, 2014, the reserves stood at US$ 313.84 billion compared to US$ 277.23 billion as at end September, 2013. Subsequent data indicate that the stock of reserves was placed at US$ 314.8 billion as on November 21, 2014.

Table 3.27: Movement in Foreign Exchange Reserves (US$ Million)

Month End	FCA	Gold	SDR	RTP	Total forex reserves
April 2014	283,707	20,966	4,475	1,838	310,986
May 2014	285,292	20,790	4,449	1,676	312,207
June 2014	289,320	20,635	4,465	1,718	316,138
July 2014	292,510	21,174	4,423	1,702	319,808
August 2014	291,393	20,933	4,386	1,687	318,400
September 2014	288,005	20,013	4,283	1,540	313,841

Notes:

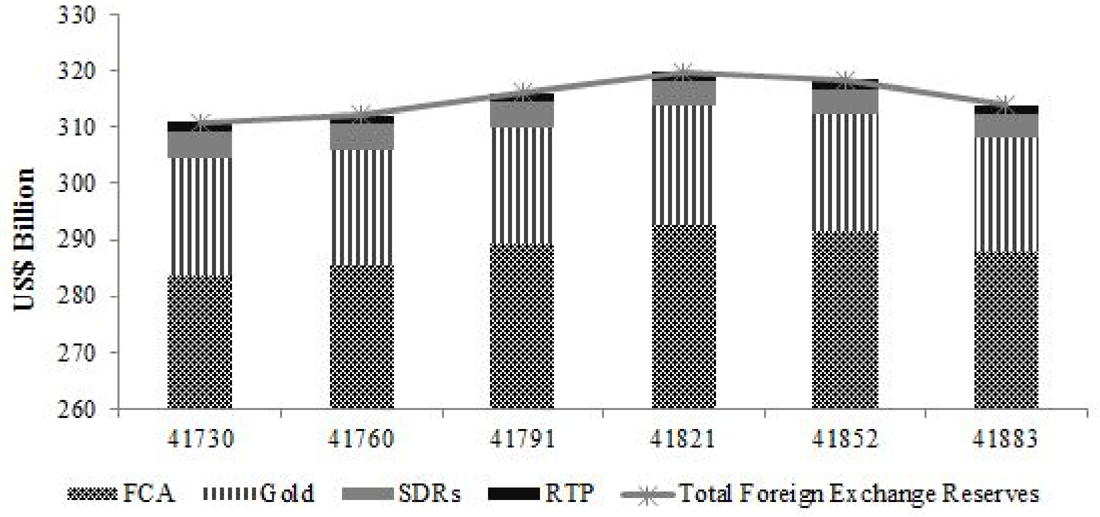
(i) *FCA (Foreign Currency Assets): FCAs are maintained as a multi-currency portfolio comprising major currencies, such as, US dollar, Euro, Pound sterling, Japanese yen, etc. and are valued in terms of US dollars.*

(ii) *FCA excludes investment in foreign currency denominated bonds issued by IIFC (UK) and foreign currency received under SAARC SWAP arrangement and SDRs.*

(iii) *SDR refers to Special Drawing Rights*

(iv) *RTP refers to the Reserve Tranche Position in the IMF.*

Figure 3.12: Movement in Foreign Exchange Reserves



3.115 As is evident from the above and in line with the recent trend, the broad changes in the composition of the FER were determined largely by the movement in foreign currency assets. As at end September 2014, the foreign currency assets, the major constituent of overall reserves stood at US$ 288.01 billion (compared to the level of US$ 283.70 as at end April, 2014), the gold reserves stood at US$ 20.013 billion (US$ 20.966 billion as at end April, 2014), SDRs marginally dipped to US$ 4.283 billion (US$ 4.47 billion as at end April, 2014) while the country's Reserve Tranche Position with the IMF dipped to US$ 1.540 billion (US$ 1.838 billion as at end April, 2014).

3.116 Country wise details of foreign exchange reserves reveal that India was the tenth largest holder of foreign exchange reserves. The top nine were China, Japan, Saudi Arabia, Switzerland, Russia, Taiwan, Brazil, Korea and Hong Kong (Table 3.28).

Table 3.28: Country-wise Foreign Exchange Reserves and Gross Domestic Product (GDP)- US$ billion

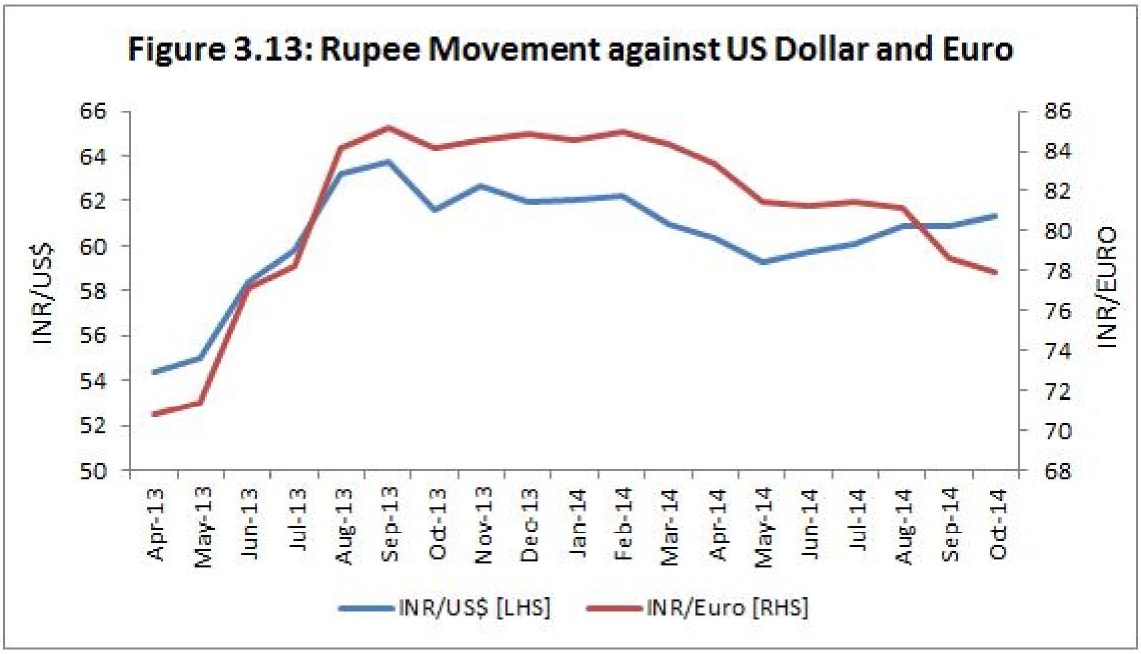
Country	Projected GDP for calendar Year 2014 (US$ billion)	Foreign Exchange Reserves at end September 2014 (US$ billion)	Share of Reserves in GDP (on end September 2014 over projected GDP for 2014)
China	10,355.4	3887.7	37.5
Japan	4,769.8	1313.8	27.5
Saudi Arabia	777.9	744.9	95.8
Switzerland	679.0	531.5	78.3
Russia	2,057.3	454.2	22.1
Taiwan Province of China	505.5	421.4	83.4
Brazil	2,244.1	375.5	16.7
Korea	1,449.5	364.5	25.1
Hong Kong SAR	292.7	344.8	117.8
India	2,047.8	313.8	15.3
Singapore	307.1	266.1	86.7
Germany	3,820.5	196.8	5.2
France	2,902.3	166.2	5.7
Thailand	380.5	166.0	43.6

Source: International Monetary Fund, World Economic Outlook Database, October 2014 and RBI

Exchange Rate of Rupee

3.117 The exchange rate of the rupee against major currencies had remained volatile during 2013-14 especially since the US Fed first hinted at early tapering of its quantitative easing programme. The average annual exchange rate of the rupee *vis-a vis* dollar depreciated by around 10 per cent from Rs. 54.4 in 2012-13 to Rs 60.5 in 2013-14.

3.118 In the current fiscal so far (till November 2014), the value of rupee remained broadly stable. It varied from Rs 59.8 per US dollar on average in the first quarter to Rs. 60.6 per US dollar in the second quarter of 2014-15. In September 2014, the rupee generally remained range-bound with the pessimism on US interest rate expectations offset by positive sentiment triggered by the upturn in India's GDP growth in the first quarter and easing of tensions in Ukraine. The softening of crude oil prices in the international market also supported the rupee. For the second quarter as a whole, the rupee depreciated against the US dollar *albeit* with some appreciating bias during the second week of August to first week of September 2014. On the other hand, appreciation of the rupee against the euro since August 2014 is noteworthy. The major reason behind the rupee appreciation against the euro is weakness of the latter itself due to growth stagnancy in euro area economy (Figure 3.13). Overall, the exchange rate has been fairly stable after a bout of depreciation and the outlook remains stable.



3.119 It might be noted that the Indian Rupee came under severe pressure after the signaling of tapering of quantitative easing by the US Fed in May 2013, reaching an all-time low of Rs. 68.36 (RBI reference rate) against the US dollar on August 28, 2013. The Rupee began its recovery thereafter responding to the measures taken by the Reserve Bank and the Government and a contraction in current account deficit. On December 18, 2013, the US Fed announced a modest tapering of QE from January 2014. In sharp contrast to the experience in May 2013, the Indian rupee exhibited strong resilience in relation to other currencies in terms of exchange rate movements and its volatility in the post announcement period. Net FII flows also remained broadly intact since the actual tapering of QE announced. This essentially reflects considerable improvement in India's external sector with CAD falling below a sustainable level, a build-up of forex reserves owing to special swap schemes offered by the Reserve Bank (during September-November 2013) and stability in the rupee exchange rate. The Indian Rupee performed better than some other peer economies (Table 3.29).

Table 3.29: Movement in Exchange Rates of Select EMEs against US Dollar: Appreciation (+)/Depreciation (-) in percent

Currency	End March								November 17, 2014 over end-March 2014
	2007 @	2008 @	2009 @	2010 @	2011	2012	2013	2014	
Current Account Deficit Countries									
Brazilian Real	6.9	20.5	-23.8	24.6	9.7	-10.8	-9.2	-11.6	-12.5
Indian Rupee	2.5	9.1	-21.6	12.9	1.1	-12.7	-5.9	-9.5	-2.6
Mexican Peso	-1.3	3.6	-24.8	14.0	4.3	-7.0	3.8	-5.7	-3.7
South African Rand	-14.7	-10.2	-14.7	29.4	8.0	-11.5	-16.6	-13.2	-4.8
Turkish Lira	-3.1	6.1	-21.7	10.1	-4.8	-10.5	-1.5	-17.4	-1.8
Argentina	-0.6	-2.0	-14.8	-4.2	-4.3	-7.5	-14.5	-36.0	-5.9
Indonesian Rupiah*	-0.5	-1.1	-20.4	27.0	4.7	-5.1	-5.5	-14.4	-6.9
Thai Baht	11.0	11.3	-11.4	9.8	6.7	-1.8	5.4	-10.0	-0.8
Current Account Surplus Countries									
Malaysian Ringgit	6.7	8.4	-12.6	11.4	8.2	-1.4	-1.1	-5.3	-2.1
South Korea Won	3.8	-5.2	-28.0	21.7	2.2	-2.7	2.6	3.4	-2.5
Russian Ruble	6.5	10.7	-30.7	14.9	3.4	-2.8	-5.4	-13.1	-24.3
Euro	10.0	18.7	-15.8	1.3	5.4	-6.0	-4.1	7.4	-9.5
China	3.7	10.2	2.7	0.1	4.1	4.2	0.3	2.0	0.4

@: year-on-year variation.
** Current account in these traditionally surplus countries has recently turned into deficit.*

3.120 RBI has been actively intervening in the spot and forward markets to reduce the volatility arising due to demand –supply mismatch in the forex market. The exchange rate of rupee per foreign currency and RBI's Sale/Purchase of US dollar in the foreign exchange market is given in the table 3.30.

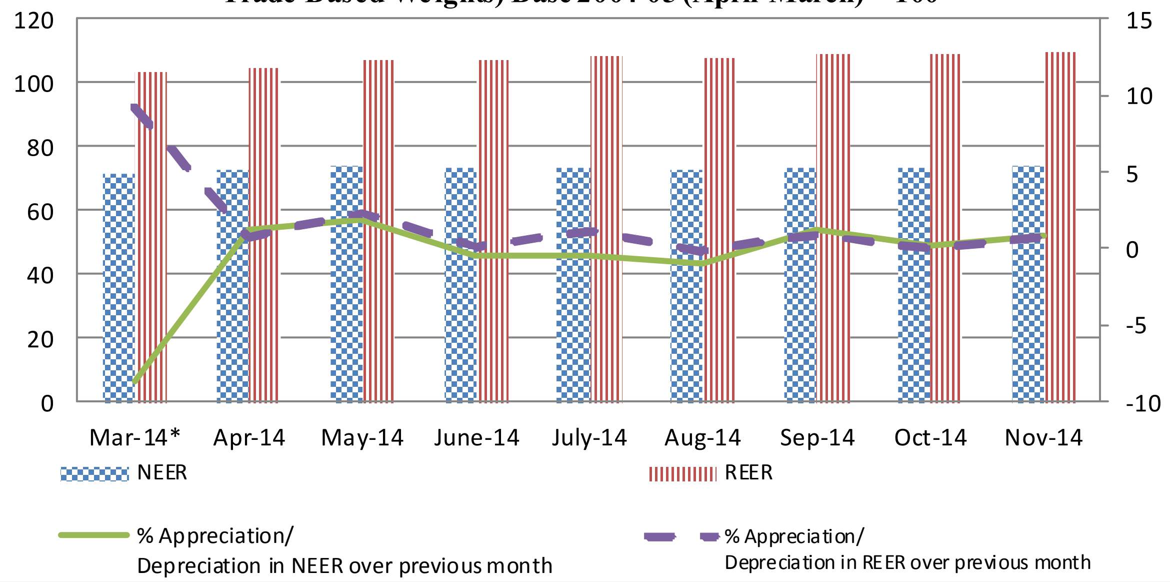
Table 3.30: Exchange Rates of Rupee per foreign currency and RBI's Sale/ Purchase of US dollar in the Foreign Exchange Market

Month	US Dollar	Pound Sterling	Euro	Japanese Yen	RBI Net Sale (-) / Purchase(+) (US $ Million)
April 2014	60.36	101.08	83.35	58.86	5,870
	(1.09)	(0.33)	(1.21)	(1.34)	
May 2014	59.30	99.94	81.49	58.28	1,786
	(1.77)	(1.14)	(2.28)	(0.99)	
June 2014	59.73	100.98	81.24	58.53	2,642
	(-0.71)	(-1.03)	(0.30)	(-0.44)	
July 2014	60.06	102.62	81.39	59.07	5,453
	(-0.55)	(-1.60)	(-0.19)	(-0.90)	
August 2014	60.84	101.81	81.14	59.17	-511
	(-1.37)	(0.80)	(0.31)	(-0.17)	
September 2014	60.86	99.31	78.60	56.76	1,437
	(0.05)	(2.51)	(3.23)	(4.23)	

Note: Figures in parentheses indicates appreciation (+) and depreciation (-) over previous month / year in per cent. Some percentage figures may not tally due to rounding off. N.A.: Not Available. Source: RBI

3.121 The nominal effective exchange rate (NEER) conveys the broad direction and extent of the purchasing power, however, the real effective exchange rate (REER) index reflects the competitiveness of the economy. NEER is a currency index which averages movement against a basket of currencies of major trade partners. Trend in REER predominantly reflects movement in relative price level and nominal exchange rate against a basket of currencies of major trade partners. NEER has remained fairly stable in the period April-September, 2014. In terms of real effective exchange rate (REER) based on 6 and 36 currency baskets, the rupee has appreciated in 2014-15 so far (Table 3.31). The 6-currency REER of rupee appreciated by 6.8 per cent in September 2014 over March 2014 while in nominal effective terms, it appreciated by 2.3 per cent (Figure 3.14).

Figure 3.14: Indices of REER and NEER of Indian Rupee (36 currency Trade Based Weights) Base 2004-05 (April-March) = 100



**: appreciation/depreciation over the corresponding period of the previous year only for the month of Mar-14 Source: RBI*

Table 3.31: Indices of REER and NEER of Indian Rupee (36 Currency Trade Based Weights) Base 2004-05 (April-March)=100				
Month	NEER	Appreciation/ depreciation over previous month (per cent)	REER	Appreciation/ depreciation over previous month (per cent)
Mar-14*	71.9	-8.6	103.8	9.2
Apr-14	72.8	1.2	104.6	0.8
May-14	74.1	1.9	107.1	2.3
Jun-14	73.7	-0.5	107.1	0.1
Jul-14	73.4	-0.4	108.3	1.1
Aug-14	72.7	-1.0	108.2	-0.1
Sep-14	73.6	1.2	109.1	0.8
Oct-14	73.7	0.1	109.1	0.0
Nov-14	74.3	0.8	110.0	0.8

**: appreciation/depreciation over the corresponding period of the previous year. Note: REER figures are based on Consumer Price Index (Combined).*
Source : RBI

External Debt

3.122 India's external debt continues to remain within manageable limits as indicated by the external debt to GDP ratio of 23.4 per cent and debt service ratio of 5.9 per cent during 2013-14. India's external debt stood at US$ 450.1 billion at end-June 2014, showing an increase of US$ 7.9 billion (1.8 per cent) over end-March 2014. Rise in external debt during the period was on account of long-term external debt particularly commercial borrowings and NRI deposits. The maturity profile of India's external debt indicates dominance of long-term borrowings. The long-term external debt accounted for 80.5 per cent of the total external debt, while the remaining was short-term debt. The share of Government (Sovereign) external debt was 19.0 per cent, while the share of non-Government external debt was 81.0 per cent in the total external debt at end-June 2014. The share of concessional debt in total external debt stood at 10.3 per cent at end-June 2014 vis-a-vis 10.5 per cent at end-March 2014. The ratio of short-term debt to foreign exchange reserves was 27.8 cent at end-June 2014 as against 29.3 per cent at end March 2014.

3.123 A global comparison of external indebtedness of developing countries indicates that India continues to be among the less vulnerable countries. According to the World Bank's "International Debt Statistics, 2014" which presents the debt data for 2012, the ratio of India's external debt stock to gross national income (GNI) at 20.8 per cent was the fourth lowest. In terms of the cover provided by foreign exchange reserves to external debt, India's position was seventh highest at 71.4 per cent.

3.124 The prudent external debt policy of the Government of India emphasizes monitoring long term and short-term debt, raising sovereign loans on concessional terms with longer maturities, regulating external commercial borrowings through end-use and all-in-cost restrictions, rationalizing interest rates on Non Resident Indian (NRI) deposits. As a result, India's external debt remained within manageable levels (Table 3.32).

Table 3.32: India's Key External Debt Indicators (per cent)

Year	External Debt (US$ billion)	External Debt to GDP	Debt Service Ratio	Concessional Debt to Total External Debt	Foreign Exchange Reserves to Total External Debt	Short-Term Debt to Foreign Exchange Reserves	Short-Term Debt to Total External Debt
2009-10	260.9	18.2	5.8	16.8	106.9	18.8	20.1
2010-11	317.9	18.2	4.4	14.9	95.9	21.3	20.4
2011-12	360.8	20.5	6.0	13.3	81.6	26.6	21.7
2012-13	409.4	22.0	5.9	11.1	71.3	33.1	23.6
2013-14 PR	442.2	23.4	5.9	10.5	68.8	29.3	20.2
End-June 2014 QE	450.1	23.2	8.1	10.3	70.2	27.8	19.5

PR: Partially Revised; QE: Quick Estimates.
Source: Ministry of Finance, Government of India and Reserve Bank of India.

SOCIAL SECTOR

3.125 **Employment:** Labour Bureau has been conducting Quarterly Quick Employment surveys in the select labor-intensive and export-oriented sectors namely textiles including apparels, metals, gems & jewellery, automobiles, transport, IT/BPO, leather and handloom/powerloom to assess the effect of economic slowdown on employment in India since January, 2009. A total of 2200 sample units were covered for the quarter ending June, 2014. Comparing the results of last four surveys over the period June, 2013 to June, 2014 in the eight selected sectors, employment increased by 3.72 lakh with the highest increase of 1.71 lakh in textiles including apparels followed by 1.25 lakh in IT/BPO, 0.39 lakh in metals, 0.28 lakh in leather, 0.16 lakh in automobiles, 0.04 lakh in handloom/powerloom sector while, employment registered negative growth in the transport (0.07 lakh) and gems & jewellery (0.04 lakh) sectors during the same period.

3.126 Some state governments have taken major initiatives in labour reforms to create more jobs and enhance 'Ease of Doing Business'. (Box 3.4.)

Box 3.4: Labour Reforms in Rajasthan

Some major labour market reforms introduced in Rajasthan in the three labour legislations — the Industrial Disputes Act, the Factories Act and the Contract Labour Act are as under:

The Industrial Disputes Act

- Section 25-K provides for applicability of Chapter VB of the Act to such industrial establishment in which not less than "one hundred" workmen were employed on an average, per working day for the preceding twelve months. In such establishments, prior permission of the Government is required to be obtained by the employer before effecting lay off, retrenchment or closure. Due to the threshold limit of 100, employers of such industrial establishments tend to keep the number of workmen less than one hundred, corroborated by the fact that in Rajasthan, not less than 85 per cent of registered factories are with less than 100 employees. This threshold of 100 has not helped in the growth of organized labour because to avoid the hassle in getting the government permission, the employer becomes unwilling to take even the skilled workmen, engaged under contract, though indispensable for the unit, into the permanent rolls. In the process, employers, employees and the major buyers, who prefer units with sufficient permanent workers to ensure quality and timely supply, are all adversely affected. The threshold has now been increased from 100 workmen to 300 workmen.

- To help the workers, a retrenched employee will get 3 months' notice and wages for notice period before retrenchment by employers under amended Section 25-N and 25-O. Sub-Section (9) has also been amended to provide 3 months' salary as compensation and additional financial security to the retrenched employee, i.e. a total of compensatory transitional period of 6 months. Similar provision has also been made in the case of closure of the establishment
- A three-year time limit for raising disputes has also been introduced under Section 2-A of the Act which could be increased in genuine cases. Earlier there was no limit prescribed for raising the disputes and disputes were raised after a lapse of many years.

The Factories Act

- Due to the threshold limit of 10 workers (units using power to manufacture) and 20 workers (units manufacturing without power) for applicability of the Act, small units were covered under the definition of "factory". Due to increasing role of small units in creating real jobs and to reduce the inspector-raj, existing threshold limit has been amended to 20 and 40 respectively. This is a step towards enhancing ease of doing business for small manufacturing units and in the process to create more opportunities for jobs.

The Contract Labour Act

- The Contract Labour Act has been amended to raise the applicability of the Act to companies with more than 50 workers from the current 20. Before amendment of the Act, the employer had to be registered and the contractor had to procure a license to do the business if he hired or a contractor supplied 20 workers, even for a day in last 12 months. Due to this, principal employers and contractors were finding it difficult to execute contracts while hiring personnel or procuring commodities from tiny and small entrepreneurs and petty suppliers. Besides, bigger manufacturing companies, service providers and large exporters split their procurement among a number of small manufactures/suppliers/units, to economize in terms of time and cost. The small units were facing hardship in getting licenses and were compelled to become busy in ensuring formalities under the Act than doing business. The lower limit of 20 was also either encouraging non-compliance or employing less labour against the actual demand, simply to avoid departmental procedures.

3.127 In addition to the continuation of the earlier schemes and the new schemes related to financial inclusion like Pradhan Mantri Jan Dhan Yojana (PMJDY) and RuPay Debit Card mentioned earlier, the progress of some new major social sector programmes and the modifications made in the earlier ones are as under:

3.128 **Swachh Bharat Mission (Gramin):** To accelerate the progress of sanitation in rural areas, Government of India has revamped the Nirmal Bharat Abhiyan (NBA) that is now called the Swachh Bharat Mission (Gramin), which aims at attaining a 100 per cent open defecation free India by 2019. The Swachh Bharat Mission (Gramin) has been launched on 2[nd] October, 2014. The unit cost of Individual Household Latrine (IHHL) has been enhanced from ₹ 10,000 to ₹12,000. Against the budget estimate of ₹ 4,260 crore for the year 2014-15, ₹ 776.16 crore has been released till September, 2014. Against the target of 50,00,000 individual household latrines, 30,000 school toilets and 18,000 anganwadi toilets for 2014-15, a total of 11,44,877 individual household latrines, 8,055 school toilets and 2,904 anganwadi toilets have been constructed till September, 2014.

3.129 **Skill Development**: The government's National Skill Development Policy, 2009 recognized the unprecedented challenge faced by India of skilling & up-skilling 500 million people by 2022. The National Skill Development Corporation India (NSDC) was setup as a Public Private Partnership company with the primary mandate of catalyzing the skills of 150 million people of India (nearly a third of National Skill Mission) through active engagement of private sector. Till September 2014, the NSDC Board has approved 156 skilling proposals and 31 Sector Skill Councils with total financial commitment of ₹ 2,362 crore and has funded ₹ 730 crore for skilling projects, ₹ 432.86 crore for Standard Training Assessment and Reward (STAR) and ₹ 42.7 crore for Udaan, a special industry initiative for Jammu & Kashmir. As on 30th September 2014, the NSDC Training Partners, SSCs and affiliated training agencies have trained 33,74,817 students (including STAR) while the overall target to train people was fixed at 33 lakhs. The total number of people placed is 12,34,961(including STAR). Currently there are 1,408 centres run by NSDC's training partners, including 106 mobile centres. The NSDC has also been developing its research base by commissioning district level and sector level skill gap studies. Impact assessment studies by Tata Institute of Social Science (for North-East & West) and Deloitte (South & Central) are also expected to be completed by January, 2015. Recognizing the importance of skill development and entrepreneurship, a separate Department of Skill Development and Entrepreneurship has been set up in May, 2014.

3.130 **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**: This scheme has been provided ₹ 34,000 crore in the Budget 2014-15. During 2014-15 up to September 2014 the expenditure incurred by the States/UTs has been ₹ 20,943.97 crore. During the period, 3.22 crore households have been provided employment. The share of SCs, STs and Women is 22.84 per cent, 16.18 per cent and 56.62 percent respectively. The share of women in total persondays generated is well above the stipulation of one-third as per the Act. The scope of the Mahatma Gandhi NREGA has been widened to agricultural activities in September, 2014 with a view to make it more productive and assets creating as well as to create sustainable wage employment. Now, at least 60 per cent of the work in terms of the cost in the district will be taken up for activities related to development of land, water and trees.

3.131 **Unique Identification Authority of India (UIDAI):** UIDAI has launched electronic Know Your Customer (e-KYC) service which is a paperless, secure and cost-effective instrument of fulfilling KYC requirements which is also being used extensively in the Pradhan Mantri Jan Dhan Yojana (PMJDY) for opening of bank accounts. As of 15th November, 2014, using the Aadhaar Payment Bridge (APB) mechanism, around 7.56 crore transactions (across whole of India in all schemes) amounting to ₹ 4987 crore have taken place since the launch of Direct Benefit Transfer (DBT). Also, nearly 30 lakh people withdraw their Mahatma Gandhi NREGA Wages/Pensions/ Scholarships etc. every month by using Aadhaar fingerprint authentication services. As on 15th November, 2014, 70.43 crore unique IDs (Aadhaar) have been assigned under the UID Project.

ANNEXURE

Annexure I

Status of Implementation of Major Announcements Contained in the General Budget 2014-15

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
1.	8	(i) Constitute an Expenditure Management Commission, which will look into various aspects of expenditure reforms to be undertaken by the Government. The Commission will give its interim report within this financial year. (ii) To overhaul the subsidy regime, including food and petroleum subsidies, and make it more targeted while providing full protection to the marginalized, poor and SC/STs. (iii) A new urea policy would also be formulated.	(i) Expenditure Management Commission constituted vide Resolution dated 4th September 2014. (ii) Government has launched the modified Direct Benefit transfer to LPG consumers (DBTL) called Scheme Pahal in 54 districts on 15.11.2014 and will be launched in the remaining districts of the country from 1.1.2015. (iii) 2nd Round of consultation was held with the Fertilizer Association of India. Expenditure Management Commission has fixed a discussion on the new Urea Policy.
2.	9	Finance minister hoped to find a solution in the course of this year and approve the legislative scheme which enables the introduction of GST.	The work is in progress. In consultation with the States Governments, the Government of India is in the process of introducing the Constitution Amendment Bill in the Parliament to facilitate introduction of GST.
3.	10	All fresh cases arising out of the retrospective amendments of 2012 in respect of indirect transfers and coming to the notice of the Assessing Officers will be scrutinized by a High Level Committee to be constituted by the CBDT before any action is initiated in such cases.	The action has been completed. The High Level Committee has been constituted under Section 119 of the Income Tax Act on 28.8.2014 by the Central Board of Direct Taxes.
4.	11	In order to reduce litigation in direct taxes, the budget proposed to make certain legislative and administrative changes.	The action has been completed.
5.	12	Budget proposed to enable resident taxpayers to obtain an advance ruling in respect of their income tax liability above a defined threshold. Proposed to also strengthen the Authority for Advance Rulings by constituting additional benches. Proposed to enlarge the scope of the Income-tax Settlement Commission so that taxpayers may approach the	The action has been completed. Sections 245-O and 245N of the Income tax Act have been amended to provide that the "advance ruling" shall also include determination by the Authority in relation to the tax liability of a notified resident application in respect of a transaction undertaken or proposed to be undertaken by him. Provision has been made for more than one bench of the Authority in view of the enlarged scope of AAR. Section 245 C of the Income tax

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		Commission for settlement of disputes.	Act relating to Settlement Commission has also been amended to enhance the scope of the Settlement Commission.
6.	13	Budget proposed to set up a High Level Committee to interact with trade and industry on a regular basis and ascertain areas where clarity in tax laws is required. Based on the recommendations of the Committee, the Central Board of Direct Taxes and the Central Board of Excise and Customs shall issue appropriate clarifications, wherever considered necessary, on the tax issues within a period of two months.	A proposal to set up a High Level Committee is under submission.
7.	14	Transfer Pricing is a major area of litigation for both resident and non-resident taxpayers. The Budget proposed certain changes in the Transfer Pricing regulations.	The action has been completed. Section 92C of the Income tax Act has been amended to provide that in for international transaction or specified domestic transaction undertaken on or after 1.4.2014, where more than one price is determined by the most appropriate method, the ALP shall be computed in the manner as may be prescribed.
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8.	17	The composite cap of foreign exchange was proposed to be raised to 49 per cent with full Indian management and control through the FIPB route.	The action has been completed .The press note no. 7 issued on 26.8.2014 amending the FDI policy regarding Defence Sector.
9.	18	The composite cap of foreign investment in the Insurance sector was proposed to be increased up to 49 per cent from the current level of 26 per cent, with full Indian management and control, through the FIPB route.	The Cabinet Note dated 23/7/14 in this regard was approved by the Cabinet on 24/7/2014 and the Notice for consideration and passage of the Insurance Laws (Amendment) Bill, 2008 was given to the Rajya Sabha Secretariat on 25.07.2014.The Bill could, however, not be taken up by the House and was referred to a Select Committee of the Rajya Sabha under the Chairmanship of Dr. Chandan Mitra. The Bill is under consideration of the Select Committee.
10.	19	To encourage development of Smart Cities, which will also provide habitation for the neo-middle class, requirement of the built up area and capital conditions for FDI is being reduced from 50,000 square metres to 20,000 square metres and from	The action has been completed. Press Note No.10 amending the FDI policy regarding Construction Development Sector has been issued on 3rd December, 2014.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		USD 10 million to USD 5 million respectively with a three year post completion lock in.	
11.	20	Projects which commit at least 30 per cent of the total project cost for low cost affordable housing would be exempted from minimum built up area and capitalisation requirements, with the condition of three year lock-in.	
12.	22	To be in line with Basel-III norms there is a requirement to infuse ₹ 2,40,000 crore as equity by 2018 in our banks. While the government will continue to have majority shareholding in these banks, the citizens of India will also get direct shareholding in these banks, which currently they hold indirectly. Government will also examine the proposal to give greater autonomy to the banks while making them accountable.	Draft Cabinet Note has been Circulated for comments of other Departments. Comments are awaited.
13.	24	The Prime Minister has a vision of developing 'one hundred Smart Cities', as satellite towns of larger cities and by modernizing the existing mid-sized cities. To provide the necessary focus to this critical activity, the Budget provided a sum of ₹7,060 crore in the current fiscal.	A draft Concept Note on Contours of Smart City Scheme was prepared and circulated to all States/UTs for their suggestions/views. A National Conclave was organized on 12.9.2014 to deliberate upon the Concept Note wherein Ministers and Principal Secretaries/Secretaries of States/UTs in-charge of Urban Development were invited alongwith Commercial/Business/ Non-Profit Organizations and Professionals. Suggestions received were analyzed and appropriately included in the Concept paper that has again been revised on 25.9.2014 and is available on website for inviting public opinion. A discussion on concept paper is still going on. A D.O. reminder through Secretary (UD) along with revised Concept Note has been issued to all States/UTs Chief Secretaries for their suggestions/views on Smart Cities Schemes. All suggestions received will be further analyzed and appropriately included in the concept paper. Before finalization of the Smart City Scheme all the States will be consulted.
14.	25	In order to give a major boost to tourism in India, the facility of	The action has been completed.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		Electronic Travel Authorization (e-Visa) would be introduced in a phased manner at nine airports in India where necessary infrastructure would be put in place within the next six months. The countries to which the Electronic Travel authorisation facility would be extended would be identified in a phased manner. This would further facilitate the visa on arrival facility.	
15.	26	As an innovation, a modified Real Estate Investment Trusts (REITS) type structure for infrastructure projects is also being announced as Infrastructure Investment Trusts (InvITs), which would have a similar tax efficient pass through status, for PPP and other infrastructure projects.	The action has been completed. Guidelines for InvITs & REITs were notified by SEBI in September, 2014 with a tax pass through for the investors. Sections 2,10,47,49,111A, 115A of the Income tax Act and Chapter VII of the Finance (No. 2) Act, 2004 have been amended vide Finance (No. 2) Act, 2014. Sections 115UA and 194LBA have been inserted in the Income tax Act vide Finance (No. 2) Act, 2014 to give effect to these announcements.
16.	27	Planned to reintroduce the Kissan Vikas Patra (KVP) to encourage people, who may have banked and unbanked savings to invest in this instrument.	The action has been completed.
17.	28	A national multi-skill programme called Skill India is proposed to be launched. It would skill the youth with an emphasis on employability and entrepreneur skills. It will also provide training and support for traditional professions like welders, carpenters, cobblers, masons, blacksmiths, weavers etc. Convergence of various schemes to attain this objective is also proposed.	A sub-scheme has been prepared to undertake modular training courses for the unorganized sector workers in urban ITI's as a separate component in existing Skill Development Initiative Scheme. Guidelines of sub-scheme have been approved by the Apex Committee of the SDI and the same have been issued to the States. Special Training courses in the area of modern construction technology have been approved by NCVT Sub-Committee on 30.10.2014. The Ministry has issued policy guidelines for flexi-MoUs between industry and ITI's for permitting customized industry need based courses under NCVT Certification. These courses could also be of short duration. Five such flexi-MoUs have also been entered into namely, with Flipkart, Raymonds, Labournet, GIPCL, Cadila and Maruti.
18.	29	Bulk of our farm lands are rain fed and	The meeting of the Expenditure Finance

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		dependent on monsoons. Therefore, there is a need to provide assured irrigation to mitigate risk. To improve access to irrigation the Budget proposed to initiate the scheme "Pradhan Mantri Krishi Sinchayee Yojana". The budget proposed to set aside a sum of ₹ 1,000 crore for this purpose.	Committee (EFC) was held on 31.7.2014. Based on the recommendations of the EFC, supplementary agenda to the EFC Note was sent to the Secretary (Expenditure) for holding the EFC (which is awaited). A meeting was held on 10.9.2014, in which the EFC Note was discussed and it was decided to constitute a Committee of Secretaries headed by Secretary (WR, RD & GR) and comprising Secretary (RD), Secretary (Agriculture), Secretary (Land Resource) and Principal Secretaries of two states. Department of Agriculture will now issue a concept note by 15th December, 2014.
19.	30	The Government intends to cover every household by total sanitation by the year 2019, the 150th year of the Birth anniversary of Mahatma Gandhi through Swatchh Bharat Abhiyan.	The Action has been completed. The Union Cabinet in its meeting held on 24.9.2014 has approved Swatchh Barat Mission (Gramin) by restructuring the Nirmal Bharat Abhiyan (NBA). The mission has been launched on 2.10.2014.
20.	31	Shyama Prasad Mukherji Rurban Mission will be launched to deliver integrated project based infrastructure in the rural areas, which will also include development of economic activities and skill development. The preferred mode of delivery would be through PPPs while using various scheme funds for financing.	A national consultation workshop was held on 8.8.2014 to elicit suggestions on the proposed scheme. Thereafter, an Expert Committee has been constituted. The matter will be taken up for EFC and Cabinet approval.
21.	32	"Deen Dayal Upadhyaya Gram Jyoti Yojana" for feeder separation will be launched to augment power supply to the rural areas and for strengthening sub-transmission and distribution systems. The Budget proposed to set aside a sum of ₹ 500 crore for this purpose.	Deen Dayal Upadhyaya Gram Jyoti Yojana has approved by the CCEA on 20.11.2014. Guidelines are under issue.
22.	33	Government of Gujarat has embarked upon the mission to build the largest statue of Sardar Vallabh Bhai Patel. To support the Gujarat Government in this initiative to erect the Statue of Unity, The Budget proposed to set aside a sum of ₹ 200 crore.	The action has been completed. ₹ 200 crore has been released on 30.9.2014 to Sardar Vallabhbhai Patel Rashtriya Ekta Trust, Gandhinagar.
23.	36	To provide credit enhancement facility for young start up enterpreneurs from	SFC note has been circulated by Ministry of Social Justice on 8th December, 2014.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		Scheduled Castes, who aspire to be part of the neo-middle class, I propose to set aside a sum of ₹ 200 crore which will be operationalised through a scheme by IFCI.	
24.	37	For the welfare of the tribals "Van Bandhu Kalyan Yojana" was proposed to be launched with an initial allocation of ₹ 100 crore.	Meeting of EFC for appraisal of the Scheme "Vanbandhu Kalyan Yojana" was held on 17.9.2014 and the EFC recommended implementation of the Scheme.
25.	38	The Varishtha Pension Bima Yojana (VPBY) as a pension scheme for senior citizens. Under the scheme a total number of 3.16 lakh annuitants are being benefitted and the corpus amounts to ₹ 6,095 crore. The Budget proposed to revive the scheme for a limited period from 15 August, 2014 to 14 August, 2015 for the benefit of citizens aged 60 years and above.	The action has been completed . Varishtha Pension Bima Yojana (VPBY) has since been launched on 14.8.2014
26.	39	The Budget proposed to set up a committee to examine and recommend how the unclaimed amounts with PPF, Post Office, saving schemes amount can be used to protect and further financial interests of the senior citizens. The committee will give its report not later than December this year.	Committee has been constituted. Its first meeting was held on 26.9.2014.
27.	40	The Government would be notifying minimum pension of ₹ 1,000 per month to all subscriber members of EP Scheme and has made an initial provision of ₹ 250 crore in the current financial year to meet the expenditure. Further, increase in mandatory wage ceiling of subscription to EPS from ₹6,500 to ₹ 15,000 has been made and a provision of ₹ 250 crore has been provided in the current budget. For the convenience of the subscribers, EPFO will launch the "Uniform Account Number" Service for contributing members to facilitate portability of Provident Fund accounts.	Notifications to implement both the budget announcements have been issued on 19.08.2014 and 22.08.2014 respectively. Seeding of UAN with Bank account and Aadhaar has been taken up for 4.17 crore subscribers. Bank account seeding has been done in respect of 35 per cent of UAN. EPFO has been advised to complete 50 per cent of seeding of subscriber accounts (UAN) with bank account by October, 2014 and 100 per cent seeding of UAN with bank accounts by March, 2015.
28.	41	The Budget proposed to extend the	(a) OM dated 12.8.2014 regarding aids/devices

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		scheme for Assistance to Disabled Persons for purchase/fitting of Aids and Appliances (ADIP) to include contemporary aids and assistive devices. It was also proposed to establish National level institutes for Universal Inclusive Design and Mental Health Rehabilitation and also a Centre for Disability Sports.	approved for Leprosy Affected for financial assistance under revised ADIP Scheme was issued to all concerned. It also stands hosted in the website of the Ministry. (b) OM dated 21.8.2014 regarding Kits approved for Persons with Intellectual and Developmental Disabilities for financial assistance under the revised ADIP Scheme issued to all concerned. It also stands hosted in the website of the Ministry. Action to include contemporary aids and assistive devices for hearing impaired and high-end mobility devices, prosthetic devices & other p&o devices is under process. CCEA Note for setting up NIIUD has been sent to Department of Expenditure. DPR for Establishment of Centre for Disability Sports is still being formulated for which Expression of Interest (EoI) will be issued. DPR for Establishment of Institute of Mental Health Rehabilitation is under preparation.
29.	42	The Budget proposed to provide assistance to the State Governments to establish fifteen new Braille Presses and modernize ten existing Braille Presses in the current financial year. Government will also print currency notes with Braille like signs to assist the visibly challenged persons.	EFC Proposal has been circulated to Ministries/ Departments.
30.	43	An outlay of ₹ 50 crores will be spent by Ministry of Road Transport & Highways on pilot testing a scheme on "Safety for Women on Public Road Transport". A sum of ₹ 150 crores will also be spent by Ministry of Home Affairs on a scheme to increase the safety of women in large cities. The Budget also proposed to set up "Crisis Management Centres" in all the districts of NCT of Delhi this year in all government and private hospitals. The funding will be provided from the Nirbhaya Fund.	The scheme essentially include setting up of a unified system at National level (National Level Vehicle Security and Tracking System) and State level (City command and Control Centre for GPS tracking) of the location of incidents, along with the facility of emergency buttons in transport vehicles, video recording of the incident in 32 cities with more than one billion population in the first stage. The study of Delhi Integrated Multi-Modal Transport System (DMITS) has been awarded to a project management consultancy work for implementing the project. DMITS has submitted a draft concept report and comments of Ministry of RT&H has been conveyed to DIMTS. The final Concept Report is expected very soon. Simultaneously, DMITS is also working on Technological Analysis Report which is also expected to be received shortly.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			Preparatory work for launching integrated Computer Aided Dispatch (CAD), Geographical Information System (GIS) Based Call Tracking and Global Positioning System (GPS) based Police Vehicle Dispatch Function has been initiated by MHA. The specific contours of the project are being finalized in consultation with various stakeholders. The process of appointing a Project Management Consultant for the Project has started.
31.	44	The Budget proposed to launch Beti Bachao, Beti Padhao Yojana which would be a focused scheme which would help in generating awareness and also help in improving the efficiency of delivery of welfare services meant for women. The Budget proposed to set aside a sum of ₹100 crore for this.	EFC/Scheme was approved by the Minister, WCD on 25.9.2014. 1st Regional Consultation held with District collectors jointly by MoWCD, MoH&FW, MoHRD in Chandigarh.
32.	46	The Budget proposed to provide a sum of ₹ 14,389 crore for Pradhan Mantri Gram Sadak Yojana.	Joint detailed Plan/Guidelines were formulated and issued to all State Governments on 31.7.2014.
33.	47	Wage employment would be provided under MGNREGA through works that are more productive, asset creating and substantially linked to agriculture and allied activities.	The notification for amendment of the Schedule -I to the MGNREGA Act, 2005 was issued on 21/7/2014. To facilitate States to engage technical assistants for better technical planning and supervision of works under MGNREGA, guidelines have been issued on 21.8.2014 to allow their establishment cost as a part of material cost of works instead of administrative cost.
34.	48	Ajeevika, the National Rural Livelihood Mission (NRLM), aims to eliminate rural poverty through sustainable livelihood options. Under the Mission, Women SHGs are provided bank loans at 4 per cent on prompt repayment in 150 districts and at 7 per cent in all other districts. The Budget proposed to extend the provision of bank loan for women SHGs at 4 per cent in another 100 districts. I also propose to set up a "Start Up Village Entrepreneurship Programme" for encouraging rural youth to take up	Extension of provision of bank loan for women SHGs at 4 per cent in 100 districts. EFC memo is under preparation. Startup Village Entrepreneurship Programme: A workshop has been conducted with all the stakeholders at Hyderabad on 26-27 September, 2014. SFC note is under preparation.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		local entrepreneurship programs. I am providing an initial sum of ₹ 100 crore for this.	
35.	50	To give an added impetus to watershed development in the country, The Budget proposed to start a new programme called "Neeranchal" with an initial outlay of ₹2,142 crore in the current financial year.	A Cabinet Note in this regard has been sent on 29.10.2014 to Cabinet Secretariat for seeking the approval.
36.	51	The Budget proposed to restructure the Backward Region Grant Fund (BRGF) to address intra-district inequalities to ensure that backward sub-districts units within States receive adequate support.	Comments from various Ministries on the draft EFC Memorandum on the restructuring of district component of BRGF programme have been received and accordingly, the EFC Memorandum has been finalized. However, Department of Expenditure has further made some more observations. The comments on the observations are being finalized.
37.	52	The Budget proposed to earmark ₹3,600 crore under National Rural Drinking Water Programme for providing safe drinking water in approximately 20,000 habitations affected with arsenic, fluoride, heavy/ toxic elements, pesticides/ fertilizers through community water purification plants in next 3 years.	It has been decided to subsume the Jalshudhi Programme of providing "safe drinking water supply through community water purification plants or through surface water based supply schemes in fluride, arsenic, uranium and other heavy/toxic metals and pesticide/fertilizer affected rural habitation in the country" for tackling approx, 20,000 water quality affected habitations under existing national rural drinking water programme using water quality earmarked funds, Therefore, no expenditure Finance Committee or Cabinet approvals are required as this is falling under the ambit and guidelines of Cabinet approved NRDWP. However, all the 20,000 water quality affected habitations will be targeted for coverage by March 2017 with at least 8-10 lpcd of safe drinking water for drinking and cooking purpose. Cabinet proposal was prepared and sent to the Cabinet Secretariat for placing before the cabinet. However, it has been desired that O&M component of the project be left to the States and Panchayats. The revised EFC note will be submitted after consultation with States.
38.	53	To move towards "Health for All", the two key initiatives i.e. the Free Drug Service and Free Diagnosis Service would be taken up on priority.	The broad contours of the scheme of a National Health Assurance have been shared with States for comments. A memorandum for approval of EFC is under preparation and is likely to be submitted to EFC.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
39.	54	In order to achieve universal access to early quality diagnosis and treatment to TB patients, two National Institutes of Ageing will be set up at AIIMS, New Delhi and Madras Medical College, Chennai. A national level research and referral Institute for higher dental studies would be set up in one of the existing Dental institutions.	The action has been completed. ICT based pilot has been initiated to include private sector, in two districts viz. Patna (Bihar) and Mehsana (Gujrat) and the ICT system has been tested. The draft Cabinet Note on continuation and expansion of Tertiary Level Activities of the National Programme for health Care of the Elderly during 12th Five Year Plan inter-alia comprising a proposal for setting up two National Institutes of Ageing at AIIMS, New Delhi, and Madras Medical College, Chennai has also been approved by Hon'ble Minister of Health & Family Welfare. The Cabinet Note has been finalized and referred to Cabinet Secretariat for placing the same before the Cabinet. A Central Task Force for Up-gradation of Dental Services in India under the Chairmanship of Prof. (Dr.) Mahesh Verma, Director-Principal, Maulana Azad Institute of Dental Sciences (MAMC), New Delhi has been set up on 4.9.2014. Three meetings have since been held on 7.10.2014, 30.10.2014 and 18.11.2014.
40.	55	A plan to set up four more AIIMS like institutions at Andhra Pradesh, West Bengal, Vidarbha in Maharashtra and Poorvanchal in UP is under consideration. The Budget proposed to set aside a sum of ₹ 500 crore for this. Presently 58 government medical colleges have been approved. It is also proposed to add 12 more government medical colleges. In addition, dental facilities would also be provided in all the hospitals.	Draft EFC Note to set up four more AIIMS like institutions at Andhra Pradesh, West Bengal, Vidarbha in Maharashtra and Poorvanchal in UP was circulated among apprising departments/ Ministries on 17.10.2014. Under the National Oral Health Programme, support of Health Facilities [District and below] to the States is provided.
41.	56	For the first time, the Central Government will provide assistance to strengthen the States' Drug Regulatory and Food Regulatory Systems by creating new drug testing laboratories and strengthening the 31 existing State laboratories.	Cabinet notes seeking approval of the Cabinet Committee on Economic Affairs in respect of (i) Strengthening of Central Drugs Standard Control Organisations (ii) Strengthening of the Food Safety and Standards Authority of India (iii) Strengthening of States' Food Regulatory System were sent for approval of the Cabinet Committee on Economic Affairs. They directed to place the proposed structure in public domain and elicit views of public/ stakeholders; and to furnish details of regulatory structures in other countries especially similar

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			economies like ours/List out International experience in this regard. Action is underway.
42.	57	In keeping with the Government's focus on improving affordable healthcare and to augment the transfer of technology for better health care facilities in rural India, fifteen Model Rural Health Research shall be set up in the states, which shall take up research on local health issues concerning rural population.	The scheme, namely "Establishment of Model Rural Health Research Units (MRHRUs) in the States" entails setting up of 15 MRHRUs at a total estimated cost of ₹ 67.66 crore during the 12th Plan. The Scheme is already under implementation. Establishment of 12 MRHRUs (8 in 2013-14 and 4 in 2014-15) have already been sanctioned in the States of Assam, Himachal Pradesh, Rajasthan, Tamil Nadu, Tripura, Karnataka, Punjab, Maharashtra, Andhra Pradesh, Odisha, Madhya Pradesh and Chhattisgarh. These projects are at various stages of implementation and the progress is reviewed by the Department periodically. Remaining 3 are expected to be approved by the end of 2014-15.
43.	58	Government would strive to provide toilets and drinking water in all the girls school in first phase. An amount of ₹28,635 crore was being funded for Sarva Shiksha Abhiyan and ₹4,966 crore for Rashtriya Madhyamik Shiksha Abhiyan. A School Assessment Programme was being initiated at a cost of ₹ 30 crore. To infuse new training tools and motivate teachers, "Pandit Madan Mohan Malviya New Teachers Training Programme" is being launched. The Budget setting aside an initial sum of ₹ 500 crore for this.	Under process.
44.	59	To take advantage of the reach of the IT, the Budget proposed to allocate a sum of ₹100 crore for setting up virtual classrooms as Communication Linked Interface for Cultivating Knowledge (CLICK) and online courses.	Under process.
45.	60	The Budget proposed to set up Jai Prakash Narayan National Centre for Excellence in Humanities in Madhya Pradesh. The Budget also intend to set up five more IITs in the Jammu, Chattisgarh, Goa, Andhra Pradesh	Classes will be started from July 2015.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		and Kerala. Five IIMs would be set up in the States of Himachal Pradesh, Punjab, Bihar, Odisha and Maharashtra. The Budget proposed to set aside a sum of ₹ 500 crore for this.	
46.	61	Government proposed to ease and simplify norms to facilitate education loans for higher studies.	The matter was taken up with Ministry of Human Resources and Development for Comments. Suggestions have been received. Meeting was held with Ministry of HRD, IBA, SBI and Canara Bank. The Model Education Loan scheme is being reviewed by IBA.
47.	62	The Budget proposed to launch a pan India programme "Digital India". This would ensure Broad band connectivity at village level, improved access to services through IT enabled platforms, greater transparency in Government processes and increased indigenous production of IT hardware and software for exports and improved domestic availability. Special focus would be on supporting software product startups. A National Rural Internet and Technology Mission for services in villages and schools, training in IT skills and E-Kranti for government service delivery and governance scheme is also proposed. The Budget provided a sum of ₹ 500 crore for this purpose.	Digital India Programme has been approved by the Govt. of India. Follow up action is being taken with respect to each component as per Digital India Programme.
48.	63	A programme for promoting "Good Governance" would be launched and the Budget proposed to set aside a sum of ₹ 100 crore for this.	Letters have been sent to the concerned Ministries/Departments and all States/UTs to formulate suitable project proposals for development of new applications and for replication of successful e-Governance applications in various domains. The proposals received so far are under process at DeitY.
49.	64	A new plan scheme is being taken up with an allocation of ₹ 100 crore to support about 600 new and existing Community Radio Stations.	The action has been completed. A new scheme namely "Supporting Community Radio Movement in India" has been introduced for providing financial support to existing and new Community Radio Stations. The size of the Scheme is ₹ 100 core. ₹ 90 crore for "Community Radio Support Scheme (CRSS) and ₹10 crore for "Information, Education and Communication

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			(IEC) Activities for CRS has been allocated for 5 years.
50.	65	Film & Television Institute, Pune and Satyajit Ray Film & Television Institute, Kolkata are proposed to be accorded status of Institutes of National Importance and a "National Centre for Excellence in Animation, Gaming and Special Effects will be set up.	The Cabinet proposal for introduction of National Institute of Film, Television and Allied Studies Bill, 2014 in the Parliament is under process. After obtaining the comments of MoF, DoP&T and M/o HRD, the draft Bill was vetted and approved by M/o Law. The final note was sent on 31.7.2014. The Cabinet Note has been submitted to Cabinet Secretariat. A model for setting up of "National Centre for Excellence in Animation, Gaming and Special Effects" is being developed with the help of National Skill Development Corporation.
51.	66	While developing housing and other infrastructure, four fundamental activities must underpin such development; provision of safe drinking water and sewerage management, use of recycled water for growing organic fruits and vegetable, solid waste management and digital connectivity. It is the vision of the Government that at least five hundred (500) such habitations must be provided support, while harnessing private capital and expertise through PPPs, to renew their infrastructure and services in the next ten years.	A draft EFC Note for a new Urban Development Mission for extending assistance to 500 habitations for development of urban infrastructure including 24x7 water supply, SWM etc. and capacity building and reforms has been prepared. The IFD has also been consulted on the same and modifications made on the basis of their recommendations/observations. Final draft EFC Note is being prepared.
52.	67	Pooled Municipal Debt Obligation Facility: This facility was set up in 2006 with participation of several Banks to promote and finance infrastructure projects in Urban Area on shared risk basis. Present corpus of this facility is ₹5,000 Crores. This Government has a major focus of providing good infrastructure, including public transport, solid waste disposal, sewerage treatment and drinking water in the urban areas. In keeping with the Hon'ble Prime Minister's vision for urban areas it is proposed to enlarge it to ₹ 50,000 Crores with extension of the facility by five years to March 31, 2019.	The action has been completed. Pooled Municipal Debt Obligation Facility enhanced to ₹ 50,000 crore (USD 8333 million) as against the present corpus of ₹ 5,000 crore (USD 833 million) with extension of the facility by five years to March, 31, 2019, to promote and finance infrastructure projects in Urban Area on shared risk basis.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
53.	68	Urban Metro Projects have proven to be very useful in decongesting large cities. For two million plus cities, planning of metro projects must begin now. Government will encourage development of metro rail systems, including light rail systems, in the PPP mode, which will be supported by the Central Government through VGF. In the current financial year, The Budget proposed to set aside a sum of ₹ 100 crore for Metro Projects in Lucknow and Ahemdabad.	**(a) Lucknow Metro Rail Project :** The proposal for Lucknow Metro Rail Project Phase-IA has been discussed in the PIB Meeting held on 25.8.2014 under the Chairmanship of Secretary (Exp.) PIB has raised some observations which are in the process of being addressed in consultations with LMRC & Government of UP before posing the project proposal to PIB again. ₹ 50 crore allocation has been made in the BE for 2014-15 for this project. **(b) Ahemdabad Metro Rail Project:** Government of Gujarat has decided to execute the Ahmedabad Metro Rail Project Phase-I consisting of two corridors with total length of 35.956 km namely APMC to Motera Stadium Corridor (15.420 km) and Thaltej Gam to Vastral Gam Corridor (20.536 km) at a total estimated completion of ₹ 10,773 crore. The PIB meeting of this project was held on 19.8.2014 under the chairmanship of Secretary (Exp.), Ministry of Finance and the minutes of the same was circulated to all concerned by the Ministry of Finance. Accordingly, Cabinet Note with the approval of Hon'ble UDM has been sent to Cabinet Secretariat on 22.9.2014 for consideration. ₹ 50 crore allocation has been made in the BE for 2014-15 for Phase-I of the project.
54.	69	In line with the government's commitment to endeavour to have housing for all by 2022. For this purpose, the Budget intended to extend additional tax incentive on home loans to encourage people, especially the young, to own houses.	The action has been completed. Section 24 of the Income Tax Act has been amended.
55.	70	The Budget proposed setting up a Mission on Low Cost Affordable Housing which will be anchored in the National Housing Bank. Schemes will be evolved to incentivize the development of low cost affordable housing. The Budget proposed to allocate this year also a sum of ₹4,000 crores for NHB with a view to increase the flow of cheaper credit for affordable housing to the urban poor/ EWS/LIG segment.	The action has been completed. RBI has allocated the fund on 26.8.2014. NHB has been asked to setup the Mission.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
56.	71	The budget also proposed to add inclusion of slum development in the list of Corporate Social Responsibility (CSR) activities to encourage the private sector to contribute more towards this activity.	The action has been completed. "Slum Development" has been added in Schedule VII of the Companies Act, 2013.
57.	72	A national programme in Mission Mode is urgently required to halt the deteriorating malnutrition situation in India, as present interventions are not adequate. A comprehensive strategy including detailed methodology, costing, time lines and monitorable targets will be put in place within six months.	A committee to draft a Nutrition Mission roadmap has been formulated. A National consultation to finalize the strategy, methodology, costing, time lines and monitorable targets was held on 22 and 23 September, 2014. Post consultation, preparation of the National Nutrition Mission Strategy Note is in process.
58.	73	A programme for the up gradation of skills and training in ancestral arts for development for the minorities called "Up gradation of Traditional Skills in Arts, Resources and Goods" would be launched to preserve the traditional arts and crafts which are rich heritage.	A Scheme for "Up-gradation of Skills and Training in Traditional Arts/Crafts for Development (USTTAD)" has been approved by the Minister of Minority Affairs.
59.	74	An additional amount of ₹ 100 crores for Modernization of Madarsas has been provided to the Department of School Education.	EFC has approved the proposal and the Draft Cabinet Note is under submission.
60.	75	Government will establish two more institutions of excellence like Indian Agricultural Research Institute (IARI), Pusa, on similar pattern in Assam and Jharkhand with an initial sum of ₹100 crore in the current financial year. In addition, an amount of ₹ 100 crores is being set aside for setting up an "Agri-Tech Infrastructure Fund".	Hon'ble Agriculture Minister, Govt. of India has written letters to the Chief Ministers of Government of Assam and Government of Jharkhand on 15.07.2014 for identification of suitable lands with good connectivity to develop Institutions of Excellence as announced in the Union Budget 2014-15. IARI, New Delhi has submitted the draft Detailed Project Reports (DPRs) on 12.08.2014 for establishment of IARI like institutions (Institutions of Excellence) in the states of Assam and Jharkhand, which are under examination. EFC note has been circulated on 7.11.2014 for the Agri-tech Infrastructure Fund.
61.	76	It is also proposed to establish Agriculture Universities in Andhra Pradesh and Rajasthan and	The Indian Council of Agriculture Research (ICAR) has written letters to the four Vice Chancellors of ANGRAU, Hyderabad,

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		Horticulture Universities in Telangana and Haryana. An initial sum of ₹ 200 crores has been allocated for this purpose.	Dr.YSRHU, West Godavari, SKRAU, Bikaner and CCS HAU, Haryana on 07.08.2014 to develop DPRs for the universities. Addl. Secretary, DARE & Secretary, ICAR has written to the Chief Secretaries of. Andhra Pradesh, Rajasthan, Telangana and Haryana States on 09.09.2014 to submit Plan of Action to establish Agricultural & Horticultural Universities in respective states. The response about the action taken on these steps is awaited.
62.	77	Government will initiate a scheme to provide to every farmer a soil health card in a Mission mode. The Budget proposed to set aside a sum of ₹ 100 crore for this purpose and an additional ₹ 56 crores to set up 100 Mobile Soil Testing Laboratories across the country. There have also been growing concerns about the imbalance in the utilization of different types of fertilizers resulting in deterioration of the soil.	EFC meeting held on 28.10.2014. New Scheme Soil Health Card will roll out in coming months. Additional allocation of ₹ 56 crore has been sought for setting up of 100 Mobile Soil Testing Laboratories. State Govts have been requested to send proposals as per allocations made by Project Sanctioning Committee.
63.	78	The Budget proposed to establish a "National Adaptation Fund" for climate change. As an initial sum an amount of ₹100 crore will be transferred to the Fund.	Detailed guidelines on this aspect are being formulated by MoEF towards including new activities, inter alia, relatable to agriculture under the NAPCC/CCAP. Consultations are being scheduled with various State Governments. They have also intimated that prior to taking up the matter for approval of SFC/EFC by competent authority to operationalize the fund.
64.	79	Government is committed to sustaining a growth of 4% in Agriculture and for this we will bring technology driven second green revolution with focus on higher productivity and include "Protein revolution" as an area of major focus.	NFSM-Pulses is implemented in 615 districts of 27 districts of 27 States for increasing the production & productivity of pulses. Additional area coverage for increasing pulses production: during Rabi/Summer 2014-15 is also being implemented for ₹ 224.42 crore. Adaptive research projects are being implemented by national and international research organization to address various research issues and gaps of potential yield and yield realized at farmers' field Efforts are being made to promote area expansion in rice fallows and cultivation of pulses as inter-crop with oilseeds/commercial crops/ coarse cereals etc.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
65.	80	The Budget proposed to provide finance to 5 lakh joint farming groups of "Bhoomi Heen Kisan" through NABARD in the current financial year.	A State wise target for financing 5 lakh Joint Farming Groups through Joint Liability Group mode financing has been communicated. The SLBCs have been advised by NABARD to communicate bank wise targets in each State and monitor the progress. RBI has been requested to issue guidelines to all banks.
66.	81	Price volatility in the agriculture produce creates uncertainties and hardship for the farmers. To mitigate this, Budget provided a sum of ₹ 500 crore for establishing a Price Stabilization Fund.	A draft EFC Memo proposing a revolving corpus fund of ₹ 500 core for providing working capital to States and to Central/State agencies for procurement and distribution of perishable agricultural and horticulture produce. The fund is proposed to be replenished @ ₹ 100 crore in 2015-16.
67.	82	To accelerate setting up of a National Market, the Central Government will work closely with the State Governments to re-orient their respective APMC Acts., to provide for establishment of private market yards/ private markets. The state governments will also be encouraged to develop Farmers' Markets in town areas to enable the farmers to sell their produce directly.	16 States have reformed their APMC Acts and 9 of them have implemented Rules. Workshop was held on Agricultural Marketing Reforms and Promotion of E-marketing on 26th August, 2014 in New Delhi where 23 States and UTs participated. The workshop deliberated on new solution such as E-marketing and Kisan mandi. New Advisories on Reform have been issued on 13th September, 2014 to all States. It has been decided to have focused interaction with few States at a time and the first such interaction is fixed for November 2014.With a view to removing the monopoly of APMCs in respect of fruits and vegetables, 9 states are at various stages of de-notification of fruits and vegetables from the purview of APMC Act or exemption of market fees on fruits and vegetables.States that have denotified fruits and vegetables from their APMC Acts or have exempted the market fees are Madhya Pradesh, Nagaland, Karnataka, Assam, Himachal Pradesh and Haryana. Further Delhi and Odisha are in the process. The Government of NCT of Delhi on 3.9.2014 issued notification to redefine market areas of three APMCs including MNI Azadpur and to de-regulate fruits and vegetables outside these markets. Delhi Government has carried further amendment of the APMC Act. In order to increase the number of buyers, with a view to enhance competition, Delhi Government has deleted the restrictive provision at Rule 17 (I) (f) of Delhi Agricultural Produce Marketing (Regulation) Act, 1998. States are being

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			addressed periodically through letters and video conferencing. SFAC launched the Kisan Mandi on 25.9.2014 at Alipur, Delhi where farmers and farmer Producer Organizations can sell directly to wholesalers and retailers. First official Kisan Mandi trade linking farmers to buyers has taken place on 20.10.2014 as part of the soft launch activities. Other States have been advised to adopt the model and services of SFAC have been offered for technical assistance to such mandis.
68.	83	The Budget proposed to set aside a sum of ₹50 crores for the development of indigenous cattle breeds and an equal amount for starting a blue revolution in inland fisheries.	Concept Note on the Scheme 'National Kamdhenu Breeding Centre' has been approved by Hon'ble Agriculture Minister. EFC memo has been circulated among the concerned Ministries including Department of Expenditure. EFC memo on "Blue revolution-Inland Fisheries" is being prepared.
69.	84	A target of + ₹ 8 lakh crore has been set for agriculture credit during 2014-15 which, Budget hopes that the banks will surpass this.	The action has been completed.
70.	85	Under the Interest Subvention Scheme for short term crop loans, the banks are extending loans to farmers at a concessional rate of 7 per cent. The farmers get a further incentive of 3 per cent for timely repayment. The Budget proposed to continue the Scheme in 2014-15.	Final Cabinet Note has been approved by the Cabinet Note on 9th December, 2014.
71.	86	The Budget proposed to raise the corpus of RIDF by an additional ₹5,000 crores from the target given in the Interim Budget to ₹ 25,000 crores in the current financial year.	The action has been completed. RBI has allocated ₹ 25,000 crore on 20.8.2014.
72.	87	Warehouse Infrastructure Fund: Keeping in view the urgent need for availability of scientific warehousing infrastructure in the country, the Budget proposed an allocation of ₹5,000 crore for the fund for the year 2014-15.	The action has been completed. RBI has allocated ₹ 5,000 crore on 20.8.2014.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
73.	88	The Budget proposed to set up "Long Term Rural Credit Fund" in NABARD for the purpose of providing refinance support to Cooperative Banks and Regional Rural Banks with an initial corpus of ₹ 5,000 crore.	The action has been completed. RBI has allocated ₹ 5,000 crore on 20.8.2014.
74.	89	Allocation of STCRC (Refinance) Fund: In order to ensure increased and uninterrupted credit flow to farmers and to avoid high cost market borrowings by NABARD, the Budget proposed to allocate an amount of ₹50,000 crore for STCRC Fund during 2014-15.	The action has been completed. RBI has allocated ₹ 50,000 crore on 20.8.2014.
75.	90	The Budget proposed to supplement NABARD's Producers' organization development fund for Producer's development and upliftment called PRODUCE with a sum of ₹ 200 crore which will be utilized for building 2,000 producers organizations across the country over the next two years.	Appraisal note seeking approval of Committee on Non Plan Expenditure on proposal titled PRODUCE is under submission.
76.	91	Government is committed to reforms in the food sector. Restructuring FCI, reducing transportation and distribution losses and efficacy of PDS would be taken up on priority.	A High Level Expert Committee under the Chairmanship of Shri Shanta Kumar, Hon'ble MP (LS) has been constituted. Further action will be taken after receipt of the Report of the Committee. A public notice inviting suggestions from public and stakeholders on restructuring of FCI was issued. Five meetings the HLC have been conducted so far. Discussions have also been held with the State Food Secretaries/ representatives of many states of various food grains procuring States. The Committee was required to submit its recommendations within 3 months. Extension of two months has been sought by the Committee. The Government is implementing a Plan Scheme on 'End to end Computerization of TPDS Operations' w.e.f October, 2012 on cost sharing basis wherein technical and financial assistance is being given to States/UTs. The Scheme comprises digitization of ration cards/ beneficiary and other databases, computerization of supply-chain management,

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			setting up of transparency portals, identification of beneficiaries at the time of delivery and grievance redressal mechanisms. All States/UTs are being pursued to complete the process at the earliest. Through advisories, guidelines, conferences etc., best practices being implemented by States/UTs in TPDS are shared from time to time. It is also proposed to issue a periodic newsletter incorporating articles, case studies, success stories etc. on best practices in implementation of TPDS. Serious efforts at the State level are crucial for improving efficacy of PDS for which regular efforts are being made.
77.	92	Government is committed to provide wheat and rice at reasonable prices to the weaker sections of the society. Even if due to inadequate rainfall there is a marginal decline in agriculture production, stocks in the Central pool are adequate to meet any exigency. Government shall, when required, undertake open market sales to keep prices under control.	So far only 11 States/UTs have implemented National Food Security Act (NFSA) and 218.45 lakh tons of foodgrains have been allocated to these States/UTs during the current year. The remaining States/UTs are being provided foodgrains as per existing TPDS norms and quantity of 264.85 lakh tons of foodgrains have been allocated to them during the current year. The stock of food grains in Central Pool. As on 16.11.2014 it is 405.90 lakh MT which comprises 292.26 lakh MT of wheat and 113.64 lakh MT of rice. The Government has started sale of 100 lakh MT wheat under Open Market Sale Scheme (Domestic) - (OMSS-D) 20145. 12.66 lakh MT of wheat has been sold under the scheme till November, 2014.
78.	93	Kisan TV, dedicated to the interests of the agriculture and allied sector would be launched in 2014-15. This will disseminate real time information to the farmers. The Budget proposed to set aside a sum of ₹ 100 crore for this purpose.	EFC memo received from Prasar Bharati was circulated to all the appraisal agencies and comments of some of the stake holders have been received. SFC Meeting under the Chairmanship of Secretary (I&B) is to be held for appraisal of Kisan Channel scheme.
79.	94	All Central Government Departments and Ministries will integrate their services with the eBiz platform on priority by 31 December this year.	Under process.
80.	95	A National Industrial Corridor Authority, with its headquarters in Pune, is being	A Memorandum for EFC on formation of the National Industrial Corridor Development

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		set up to coordinate the development of the industrial corridors, with smart cities linked to transport connectivity. Provided an initial corpus of ₹ 100 crore for this purpose.	Authority (NICDA) has been prepared and submitted to Secretary (Expenditure) for holding of meeting of EFC.
81.	96	The Amritsar Kolkata Industrial master planning will be completed expeditiously for the establishment of industrial smart cities in seven States of India. The master planning of three new smart cities in the Chennai-Bengaluru Industrial Corridor region, viz., Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka will also be completed.	(i) AKIC: DMICDC is in process of appointing consultant for doing the study of AKIC. (ii) CBIC: The Master Planning for three industrial nodes in the CBIC region under JICA assistance is in advanced stage and is likely to be completed by March 2015.
82.	97	The perspective plan for the Bengaluru Mumbai Economic corridor (BMEC) and Vizag-Chennai Indistrial corridor (VCIC) would be completed with the provision for 20 new industrial clusters.	The action has been completed. (i) BMEC: The perspective planning of BMEC project has been initiated by the DMICDC and is in advanced stage. The draft perspective planning of BMEC has been submitted by DMICDC recently. (ii) VCIC: Feasibility study has been entrusted to Asian Development Bank in respect of the VCIC. ADB has submitted Draft Conceptual Development Plan of VCIC region, which is under examination. (iii) 21 clusters have been accorded in principle approval. Out of these 21 projects; agencies relating to 11 projects have submitted proposal for 'final approval' which are being evaluated by Project Management Agency.
83.	98	Kakinada, its adjoining area and the port will be developed as the key drivers of economic growth in the region with a special focus on hardware manufacturing.	Draft Conceptual Development Plan (CDP) of Vizag-Chennai Industrial Corridor (VCIC) prepared by Asian Development Bank (ADB) is under examination.
84.	99	It will be the Government's endeavor to engage with the states to take India's exports to a higher growth trajectory. The Budget proposed to establish an Export promotion Mission to bring all stakeholders under one umbrella.	A workshop of the Principal Secretaries of 14 States of Industries and Commerce Departments was held on 25.7.2014 for mainstreaming of States to boost exports. A second workshop is planned for the remaining States and UTs. Commerce Secretary has written to Chief Secretaries of 15 States to mainstream States to expand exports. The State

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			Governments have been advised to appoint an Export Commissioner for coordination of all export related activities. Minister of State for Commerce and Industry (Independent Charge) has written to the Chief Ministers of the 15 States to oversee this work so that States contribute significantly to the National task of expansion of exports. Nodal Officers in Department of Commerce (DoC) have been tasked to emphasize development of an Export Strategy by the State Government during their SLEPC meetings chaired by Chief Secretaries of the respective State Governments. The issue regarding establishment of an export promotion Mission to bring all stakeholders under an umbrella is being taken care of in the Foreign Trade Policy (FTP) through a proposed structure by the DGFT.
85.	100	Effective steps would be undertaken to operationalize the Special Economic Zones, to revive the investors' interest to develop better infrastructure and to effectively and efficiently use the available unutilized land.	In order to make smooth and effective governance of SEZs and making ease of doing business in SEZs in a time bound manner, following measures have been undertaken: (i) Mapping of activities related to SEZ developers and units has been completed and timelines for completion of the said activities have also been finalized and implemented in all the Zones. Activities which are being taken up for Digitization and online processing of works relating to SEZ developers and units has been finalized. A module is being prepared by NSDL for Online processing activities for adoption and implementation in all SEZs. A pilot module on digitization and online processing of works related to SEZ developers and units was launched in SEEPA SEZ, Mumbai in 12.9.2014. On the basis of feedback on the performance of the module, it will be replicated in all the Zones. Thereafter the activities relating to SEZ Developers and Units which pertain to the concerned State Governments will be taken up in collaboration with Department of Industrial Policy & Promotion by using their e-Biz platform. (ii) All DCs have been directed to constantly interact with developers for speedy operationalisation of all non-functional SEZs. (iii) DCs have also been advised to make recommendations for cancellation of notified/ formal approvals where no progress is visible, after doing due diligence.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
86.	101	Apprenticeship Act would be suitably amended to make it more responsive to industry and youth. Government also encourages MSMEs to avail of the benefits of this scheme.	The action has been completed. In order to make the Apprentices Act, 1961 more responsive to industry and youth, the Apprentices (Amendment) Bill, 2014 has been passed by the Lok Sabha on 14 August, 2014. In addition action has been taken on the scheme of sharing of 50 per cent of prescribed stipend by the Central Government for 1,00,000 apprentices to be engaged by manufacturing and other Enterprises. The Scheme has been launched on 16.10.2014.
87.	102	The Budget proposed to appoint a committee with representatives from the Finance Ministry, Ministry of Micro, Small and Medium Enterprises sector (MSME), RBI to give concrete suggestions in three months.	The committee under the Chairmanship of Shri K.V. Kamath, with Secretary MSME as member, has been constituted on 26.9.2014 by Ministry of Finance (MoF) to examine the financial architecture for the MSME sector and giving concrete suggestion.
88.	103	The Budget proposed to establish a ₹ 10,000 crore fund to act as a catalyst to attract private Capital by way of providing equity, quasi equity, soft loans and other risk capital for start-up companies.	Ministry of MSME held a meeting with SIDBI, DFS, MOFPI and other stakeholders to suggest a frame work for operationalizing this fund. As budgetary grant is not available and financing is envisaged by RBI as a loan to SIDBI out of shortfall of credit in priority sector.
89.	104	To establish technology centre network to promote innovation, entrepreneurship and agro-industry, The Budget proposed to set up a fund with a corpus of ₹200 crore.	A Scheme of fund for promoting innovation, entrepreneurship and agro industries; promoting forward and backward linkages with multiple value chain of manufacturing and district level incubation for supporting entrepreneurship is being worked out by the Ministry of MSME and is in advance stage of finalization.
90.	105	The definition of MSME will be reviewed to provide for a higher capital ceiling. A programme to facilitate forward and backward linkages with multiple value chain of manufacturing and service delivery will also be put in place.	The MSMEs have been defined in the MSMED Act of 2006 based on investment in plant and machinery, excluding land. There is need for reworking out the definition due to rise in cost of plant and machinery and other such factors. The meeting of Advisory Committee has been held on 9.10.2014. A Cabinet Note for the same is under preparation.
91.	106	Entrepreneur friendly legal bankruptcy framework will also be developed for SMEs to enable easy exit. A nationwide "District level Incubation and Accelerator Programme" would be taken up for incubation of new ideas	A committee has been set up under Shri T.K. Vishwanathan, former Law Secretary and Secretary General Lok Sabha to study the corporate bankruptcy legal framework in India and to submit a report within a period of six months.

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		and providing necessary support for accelerating entrepreneurship.	
92.	107	The Budget proposed to set up a Trade Facilitation Centre and a Crafts Museum with an outlay of ₹ 50 crore to develop and promote handloom products and carry forward the rich tradition of handlooms of Varanasi, where I also intend to support a Textile mega-cluster. I also propose to set up six more Textile mega-clusters at Bareily, Lucknow, Surat, Kuttch, Bhagalpur, Mysore and one in Tamil Nadu. The Budget allocated a sum of ₹ 200 crore for this purpose.	(i) Handicraft Export Promotion Council selected as nodal agency. 8.18 acres of CPWD land has been allotted to Ministry of Textiles at Bada Lal Pura for setting up Trade Facilitation Centre and Crafts Museum. Foundation stone of the centre and museum was laid by Hon'ble Prime Minister of India on 7.11.2014. EPCH has been appointed as nodal agency for this, which is taking action under guidance of DC(HL). (ii) Textile Mega Cluster, Varanasi is an ongoing cluster. (iii) Textile Mega Cluster, Bareily, Lucknow and Kutch: Preliminarily survey work has been completed for these projects. Project implementation through SPV in collaboration with State Government is under progress. Diagnostic study and Detailed Project Report (DPR) will be prepared and implementation shall commence thereafter. (iv) Textile Mega Cluster in Bhagalpur: EOI for engaging Cluster Management and Technical agency has been received and are being evaluated. State Government has recommended NIFT, Patna as CMTA on payment of professional fees. The proposal has been concurred by IFW (Textiles).Agreement with NIFT, Patna is being signed for engaging them as Cluster Management & Technical Agency (CMTA). (v) Textile Mega-cluster in Tamil Nadu: State Government has recommended M/s Tamil Nadu Handloom development Corporation as CMTA on payment of professional fees. The proposal has been concurred by IFW (Textiles). Agreement with Tamil Nadu Handloom development Corporation is being signed. Survey work is commenced by the CMTA. (vi) Textile Mega Cluster of Surat (Gujarat): The bid for inciting Cluster Management and Technical agency (CMTA) is under process. (vii) Textile Mega Cluster, Mysore: EOI has been published in leading newspaper for selection of CMTA. The selection of CMTA would be made through a competitive bidding process.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
93.	108	The Budget proposed to set up a Hastkala Academy for the preservation, revival, and documentation of the handloom/ handicraft sector in PPP mode in Delhi. The Budget set aside a sum of ₹ 30 crore for this purpose.	A cabinet note has been circulated by D/C Handicrafts. DoE has opined that the proposal needs to be appraised by an EFC under Chairmanship of Secretary (E). Accordingly EFC memo has been prepared.
94.	109	The Budget proposed to start a Pashmina Promotion Programme (P-3) and a programme for the development of other crafts of Jammu & Kashmir. The Budget aside a sum of ₹50 crore for this purpose.	Partially implemented. Pashmina Promotion Programme (P-3) has been launched on 8.10.2014. The matter regarding development of other crafts of J&K has been taken up with State Government and its inputs are awaited.
95.	110	An institution to provide support to mainstreaming PPPs called 3P India will be set up with a corpus of ₹500 crores.	A CCEA Note was forwarded to Cabinet Secretariat on 30.10.2014. However, the same was returned for modifications and converting it into a Cabinet Note for consideration of the Cabinet.
96.	111	The Budget proposed sixteen new port projects to be awarded this year with a focus on port connectivity. ₹ 11,635 crore would be allocated for the development of Outer Harbour Project in Tuticorin for phase I. SEZs will also be developed in Kandla and JNPT. A comprehensive policy would also be announced to promote Indian ship building industry in the current financial year.	(i) Allowing Indian Shipping companies to flag their tonnage abroad- Policy decision has been taken and notification has been issued by the DG (Shipping) on 23.07.2014. The action has been completed. (ii) Development of Port: 11port projects have been awarded. (iii) Development of Outer Harbour Projects in Tuticorin for Phase I: This project has been posed to Government of Japan for JICA Official Development Assistance (ODA) loan for ₹ 5686 crore on November 5, 2014. (iv) Jawaharlal Nehru Port Trust (JNPT) SEZ at Navi Mumbai: Ministry of Commerce has given approval for SEZ on 16.7.2014. The SEZ at JNPT was launched on 16.8.2014. Kandla Port Trust: In principle approval of Ministry of Commerce has been extended in July, 2014. Kandla Port Trust was granted letter of Approval on 7th May, 2007 for setting up of port based multi product SEZ at Kandla and Tuna, Gujarat over an area of 5000 Ha. The developer has been granted extensions to the validity of the formal approval valid up to 6th May, 2015. The SEZ is yet to be notified. The SEZ will be notified once all the relevant documents are submitted by Kandla Port Trust. (i) A comprehensive policy to promote Indian

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			ship building industry. Draft Cabinet note on "New Ship building development scheme" was circulated on 17.09.2014. Comments from all Ministries except from Department Revenue and Department of Expenditure are awaited. On receipt of comments from these two Departments, Cabinet Note will be finalized.
97.	112	A project on the river Ganga called 'Jal Marg Vikas' (National Waterways-I) would be developed between Allahabad and Haldia to cover a distance of 1620 kms, which will enable commercial navigation of at least 1500 tonne vessels. The project will be completed over a period of six years at an estimated cost of ₹ 4,200 crore.	A project with an estimated cost of US$100 million including, technical assistance of US$5 million, for investment on Haldia-Barh Section of National Waterways-with World Bank assistance is underway. Project Monitoring Unit (PMU) has been established in IWAI. It has also been decided that investment support for Barh-Varanasi and Varanasi-Allahabad Sectors will be decided after getting the outcome of the feasibility study conducted for the entire stretch up to Allahabad. Development of River Ganga Stretch between Allahabad to Haldia with Least Available Depth (LAD) of upto 3.5. meter for commercial navigation: Process of establishment of Project Monitoring Unit (PMU) has been completed. EOI for Environmental Impact Assessment / Environmental Management Plan was issued in the second week of September 2014. The response to EOI has been received and is under evaluation in IWAI. EOI for Environmental impact Assessment (EIA)/Environmental Management Plan (EMP) has been issued in the second week of September, 2014. The response to EOI has been received. IWAI has listed the consultants for preparation of DPR & EIA/EMP study.
98.	113	Scheme for development of new airports in Tier I and Tier II will be launched for implementation through Airport Authority of India or PPPs.	So far 50 locations have been identified to promote regional air connectivity in the Tier-II and Tier-III cities. In case of the following five airports viz., namely, Hubli and Belgaum in Karnataka; Kishangarh in Rajasthan; Jharsuguda in Odisha and Tezu in Arunachal Pradesh, work has already been started by Airports Authority of India. However, the remaining 45 locations identified under no frill airport policy will be reviewed. based on the following criteria and fresh list of locations will be drawn by Ministry of Civil Aviation in consultation with AAI:

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			(i) The location should have minimum population of 10 lacs (ii) The location should have clear tourism potential (iii) The location should be commercially viable for airport operations (iv) Details of the flight movements in the past (v) The concerned State Governments/UTs should bear at least part of the project cost besides giving land to AAI free of cost (vi) All new no frill airports to be taken up under PPP (vii) In case of special category States, the other consideration like social obligations, regional remote connectivity etc. to be kept in view for future development of airports.
99.	114	The Budget proposed investment in National Highways Authority of India and State Roads of an amount of ₹37,880 crores, which includes ₹ 3,000 crores for the North East. During CFY, a target of NH construction of 8500 km will be achieved.	The target of 8500 km. for 2014-15 is a target for award of projects. The target of 6300 km. for construction has been set for 2014-15. So far, 1400 km highways have been constructed.
100.	116	The Budget proposed to allocate an initial sum of ₹ 100 crore for preparatory work for a new scheme "Ultra-Modern Super Critical Coal Based Thermal Power Technology."	EFC has approved the proposal of R&D project for development of Advanced Ultra Super-Critical (Adv-USC) Technology for Thermal Power Plant in its meeting held on 23.6.2014. While approving the proposal, EFC has suggested that a substantial portion of the project could be governed under National Clean Energy Fund (NCEF) window. Accordingly, a proposal has been sent to Ministry of Finance (MoF) for consideration of Inter-Ministerial Group for grant of capital subsidy under NCEF for the proposed R&D project for development of Advanced Ultra Super-Critical (Adv-USC) Technology for Thermal Power Plant. BHEL has been requested to start the important project activities related to R&D project for 'Development of Advanced Ultra Super-Critical (Adv-USC) Technology for Thermal Power Plants on a Mission Mode', especially the setting-up of the FSCTR. After approval of Cabinet, ₹ 100 crore allocated by the Govt. of India in the current financial year for the project, will be released to BHEL.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
101.	117	The existing impasse in the coal sector will be resolved and adequate quantity of coal will be provided to power plants which are already commissioned or would be commissioned by March 2015, to unlock dead investments. An exercise to rationalize coal linkages which would optimize transport of coal and reduce cost of power is underway.	Ministry of Power had formulated draft note for CCEA for supply of coal to power projects which are already commissioned or are to be commissioned by March, 2015 and further till the end of 12th Plan period, which has now been withdrawn.
102.	118	The Budget proposed to take up Ultra Mega Solar Power Projects in Rajasthan, Gujarat, Tamil Nadu, and Laddakh in J&K. I have set aside a sum of ₹ 500 crores for this. The Government proposed to launch a scheme for solar power driven agricultural pump sets and water pumping stations for energizing one lakh pumps. The Budget proposed to allocate a sum of ₹ 400 crores for this purpose. An additional ₹ 100 crore is set aside for the development of 1 MW Solar Parks on the banks of canals. Implementation of the Green Energy Corridor Project will be accelerated in this financial year to facilitate evacuation of renewable energy across the country.	Ministry of New & Renewable Energy (MNRE) has a scheme for providing subsidy for solar pumps. This will now be integrated with the Ministry of Agriculture and Ministry of Drinking Water Supply so that drip irrigation, water harvesting etc. are combined with solar pumps to give a complete solution to the farmer. Out of targeted 1 lakh pumps, 20,000 are allocated to Ministry of Drinking Water Supply, 50,000 to State Nodal Agencies and remaining 20,000 to NABARD for innovative implementation. Based on the operational guidelines of on-going scheme of Off-grid Solar PV Programme of which Solar Pump is a component, State-wise targets for installation of solar pumps along with amount of advance release has been communicated to States with the request to convey their acceptance to the allocated target. Eleven States have confirmed the given target so far and 25,503 solar pumps have been sanctioned and ₹ 46 crore, as an advance, released to them. In addition, ₹ 54 crore has also been released to NABARD to start the Programme through Banks. An EFC Note on the new scheme for the 'Development of 1 MW Solar Parks on the Banks of Canals' was circulated for obtaining the 'in principle' approval of the Planning Commission as well as the comments from the concerned Ministries/Departments. Planning Commission's appraisal Note has now been received and EFC Meeting will be held shortly. After the concurrence of the EFC to the proposal, approval of Cabinet/CCEA will be obtained at the earliest. Tendering for inter-state transmission schemes has been done by Power Grid Corporation of India Limited (PGCIL) in July, 2014 under

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			tranche-I of KfW loan of 250 million Euros (German Development Bank). In case of Intra-state transmission lines, Tamil Nadu has started the tendering process. Tenders for the first package have been issued. A revised proposal from Rajasthan Government has now been received and being examined by Central Electricity Authority. DPRs and tender documents for intra-state transmission schemes for the States of Andhra Pradesh, Karnataka, Gujarat, Himachal Pradesh and inter-state scheme under KfW loan Tranche-II & III are likely to be finalized in December 2014.
103.	119	Government's intention to accelerate production and exploitation of Coal Bed Methane (CBM) reserves. The possibility of using modern technology to revive old or closed wells will also be explored to maximize production from such fields.	Exploration under CBM policy has been undertaken by national and international companies. Total prognosticated CBM resource for 33 awarded CBM blocks, is about 63.85 TCF (1810 BCM), of which only 9.9 TCF (277.2 BCM) has been established as Gas in Place (GIP) due to several constraints in exploring and developing CBM resources. Commercial CBM production has started from one block since 14th July 2007. The present CBM production is about 0.45 MMSCMD and under business as usual it is expected to be around 4 MMSCMD by 2016-17. More than 640 wells (core holes and production wells) have been drilled and total expenditure of ₹ 4293 crore has been made on CBM activities up to 31.3.2013. A comprehensive note for CCEA to seek amendment of the CBM policy proposal is under preparation, which will also address to following issues: (i) Allow exploration and exploitation of CBM from areas under coal mining lease allotted to different companies, both in the public and private section. (ii) In order to incentivize investment for production of CBM the contractor would be allowed to sell gas based on price bidding without following any allocation priority. (iii) Simplification of the existing CBM contracts to eliminate micro management of operations. (iv) To put in place a workable mechanism for resolving the issue of overlap of CBM and coal/ oil and gas blocks. The Cabinet Note is under preparation and will be circulated for inter-Ministerial consultation.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
104.	120	The usage of PNG will be rapidly scaled up in a Mission mode as it is "clean" and efficient to deliver.	As on 31.12.2013, there were 953 CNG stations and more than 24 lakh households with piped gas throughout the country. Petroleum and Natural Gas Regulatory Board (PNGRB), which is entrusted the task for rollout of CGD entities, has prepared a rollout plan for new CGD stations in 300 Geographical Areas (Gas) based on pipeline connectivity and gas availability. At present a number of entities are operating in 43 Gas while 18 GAs are under the bidding process being conducted by the PNGRB. PNGRB has also invited bids for authorizing entities to develop the CGD networks in 14 new Geographical Areas (districts) in its 4th CGD bidding round. PNGRB has received total 44 bids for grant of Authorisation for development of CGD networks in 9 GAs out of 14 GAs.
105.	121	The Budget proposed to develop these pipelines using appropriate PPP models. This will help increase the usage of gas, domestic as well as imported, which, in the long-term will be beneficial in reducing dependence on any one energy sources.	MoP&NG has identified GAIL as the "sponsoring authority" for implementing Rachni-Talcher-Paradip pipeline section on a pilot basis through PPP mode with VGF. In October, 2014, GAIL has submitted the Application to DEA for IIPDF funding for pre-project activities. DEA held meeting on 25.11.2014 to consider GAIL's proposal for IIPDF fund. GAIL has started Survey Recomaissance for the project which is expected to be completed by December, 2014. The expected date of PPP Agreement : December, 2015.
106.	122	Government's intention to encourage investment in mining sector and promote sustainable mining practices to adequately meet the requirements of industry without sacrificing environmental concerns. The current impasse in mining sector, including, iron ore mining, will be resolved expeditiously. Changes, if necessary, in the MMDR Act, 1957 would be introduced to facilitate this.	Ministry of Mines is in the process of identifying the kind of changes required to be carried out to the Mines and Mineral (Development and Regulation) Act, 1957 (MMDR). Hon'ble Minister of Mines has written to Chief Minister of all States to elicit their opinion in this matter. Based on the response received, in this regard from State Governments, MoM will chart the further course of action.
107.	123	There have been requests from several State Governments to revise rate of Royalty on minerals. Rate of Royalty can be revised after a period of three years. Last revision took place	The action has been completed. Cabinet Committee on Economic Affairs (CCEA) approved the proposal for revising the rates of royalty in its meeting held on 20.8.2014. The Notification in this regard was issued on

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		in August, 2009. Therefore, another revision, which is due, will be undertaken to ensure greater revenue to the State Governments.	1.9.2014.
108.	124	It will be Government's endeavor to complete the ongoing process of consultations with all the stakeholders expeditiously on this. It is also essential to have a modern monetary policy framework to meet the challenge of an increasingly complex economy. Government will, in close consultation with the RBI, put in place such a framework.	• **Drafting Rules** ➢ Note for ACC for setting up a Financial Sector Regulatory Appointment Search Committee (FSRASC) put up. ➢ Draft Annual Report Rules for Regulators are framed. • **Setting up Task Forces** Processing of Notifying Task Forces for new agencies/upgrading agencies (Finalizing names of members in consultation with Chairpersons) is underway. • **Legislative Action** The draft Indian Financial Code (IFC) is being fine-tuned on the basis of comments from all stakeholders: proposed to be completed by December 2014. Agreement on Monetary Policy between Govt and RBI being finalized. RBI comments are awaited.
109.	125	While the impact of the above measures will be felt in the medium term, towards the same objective, The Budget proposed to:	
	i.	Advise financial sector regulators to take early steps for a vibrant, deep and liquid corporate bond market and deepen the currency derivatives market by eliminating unnecessary restrictions.	Sub-Committee of Standing Council of Experts on Indian Financial Sector is expected to shortly submit report comprising policy proposals on revamping the currency derivatives market by eliminating unnecessary restrictions. The matter was also discussed by the FSDC and RBI/SEBI are being advised to take necessary action. The next meeting of Standing Council of Experts has been scheduled for November 7, 2014. The Committee will discuss the Report on Currency Derivatives. Commodity Derivatives and Equity Derivatives prepared by the IGIDR.
	ii.	Extend a liberalized facility of 5% withholding tax to all bonds issued by Indian corporate abroad for all sectors and extend the validity of the scheme to 30.06.2017.	The action has been completed. Section 194LC of the Income tax Act has been amended.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
	iii.	Liberalize the ADR/GDR regime to allow issuance of depository receipts on all permissible securities.	Revised ADR/GDR scheme (as per Sahoo Committee recommendations) has been accepted and is to be notified shortly once the enabling amendments are made by Regulatory Authorities i.e. RBI and SEBI.
	iv.	Allow international settlement of Indian debt securities.	Deliberations are going on with RBI and SEBI to finalize and implement Euroclearability of Indian Debt Securities. In this regard, RBI's response on the specific modalities of operationalising the scheme is expected shortly.
	v.	Completely revamp the Indian Depository Receipt (IDR) and introduce a much more liberal and ambitious Bharat Depository Receipt (BhDR).	Sahoo Committee (Phase II, part I) Report on IDR has been received recently and is already uploaded on MoF's website for seeking public views and comments. Views also sought from RBI, SEBI, DoR and other concerned Ministries/ Departments. However, response awaited.
	vi.	Clarify the tax treatment on income of foreign fund whose fund managers are located in India to resolve a long-standing problem. Details will be presented in Part B.	The action has been completed. Section 2(14) of the Income tax Act has been amended.
110.	126	i. Introduction of uniform KYC norms and inter-usability of the KYC records across the entire financial sector.	RBI is in the process of finalizing the common KYC template for pilot run and final implementation through CERSAI. DoR is to finalize and notify amendment pertaining to PML Rules to enable operationalising the Central KYC Registry by providing legal backing to CERSAI as a reporting entity. DoR has been requested expedite the process.
		ii. Introduce one single operating demat account so that Indian financial sector consumers can access and transact all financial assets through this one account.	Implementation of this announcement was discussed in the FSDC Sub-Committee meeting held on 9.8.2014. The Sub-Committee agreed that for the time being, the project would be limited to viewing financial assets only. However, the technology for account aggregation would but be restrictive so that it can be scaled up to facilitate transactions subsequently. It was also suggested that the efforts made by other regulators like SEBI in this area could also be leveraged upon. RBI has also agreed that IRTG should move forward in setting up an enabling framework for implementing the system for account aggregation. (CERSAI fall under the regulatory domain of DoFS. DoFS is to be requested to ensure early implementation of this announcements)
111.	127	The Warehouse Development and Regulatory Authority (WD&RA) has begun a transformation plan to	I. Commencement of Action plan for those components that do not require budgetary allocation- Marks the commencement of the

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		invigorate the warehousing sector and significantly improve post-harvest lending to farmers against negotiable warehouse receipts. This plan will be implemented with vigor.	Action plan/Transformation plan. There are no deliverables due. II. Market surveys- (a) final design of survey on warehousing along with a perception survey. (b) Processing of proposals received (c) Findings of survey should be reported, used to consider all draft rules and regulations III. (a) Hiring a primary Consultant for writing a Detailed Project Report (DPR) for building organizational capacity- (i) RFP/Tender for procurement of PC (ii) Processing of proposals received (iii) Selection of PC, delivery of project plan (and other deliverables by PC) (iv) Preparation of organization chart for WDRA (v) PC to start implementation of project plan, including HR capacity addition plan for WDRA IV. Framing of first set of draft rules and regulations-(a) First drafts of rules and regulations on registration, accreditation and terms and conditions of service of employees. (b) Formal stakeholder consultation, notice-comment process and processing of inputs. (c) Final draft of rules and regulations on registration, accreditation and terms and conditions of service to be finalized. V. Framing of complete set of draft rules and regulations-(a) First draft of rules and regulations on inspection, dispute resolution, usage and issuance of NWRs. (b) Formal stakeholder consultation, notice-comment process and processing of inputs (c) Final draft of rules and regulations on inspection, dispute resolution, usage and issuance of NWRs to be finalized. (d) Resolution of implementation issues related to new rules and regulations. VI. Complete implementation of the DPR (this will require substantial work from the Primary Consultant, and subsequent procurement to execute specific deliverables and their performance, etc). (a) PC to prepare plan for creation of warehousing and NWR database.(b) Contracts for IT, process manuals to be released.(c) PC to monitor implementation of project plan and report regularly to WDRA and NIPFP (The reporting structure has changed and a formal, internal Project Monitoring Unit will be set up within WDRA, comprising WDRA members, NIPFP

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			representatives, and the PC for certain deliverables).(d) Complete implementation of project plan The representatives of National Institute of Public Finance & Policy (NIPFP) have held consultations with the warehouse service providers, collateral managers, banks, lawyers and commodity exchanges to study the market practices and issues in the warehousing sector. This is with a view to frame rules and regulations that address concerns of the warehousing market. RFP documents for market surveys have been finalized and the tender for selection of an agency to conduct a quantitative sample survey of warehousing sector in the country has been finalized and action is being taken to float the tender.
112.	128	The Budget proposed adoption of the new Indian Accounting Standards (Ind AS) by the Indian companies from the financial year 2015-16 voluntarily and from the financial year 2016-17 on a mandatory basis. Based on the international consensus, the regulators will separately notify the date of implementation of AS Ind for the Banks, Insurance companies etc. Standards for the computation of tax would be notified separately.	A roadmap for adoption of the new Indian Accounting Standards (Ind AS) has been discussed with the Institute of Chartered Accountants of India (ICAI). The necessary approvals to enable notification of the updated Ind AS should be completed by 31.12.2014. DoFS are taking up the matter with RBI and IBA for banks and with IRDA and GIPSA for insurance companies. A review meeting was held in MoCA with representatives of SEBI and ICAI to discuss the roadmap for implementing the budget announcement. Tax related and other issues require coordination with CBDT and the SEBI. A group of officers headed by additional Secretary, MoCA will oversee these and other implementation issues. The Finance (no.2) Act, 2014 amended the provisions of section 145 of the Income tax Act, 1961 for notification of Income Computation and Disclosure Standards (ICDS). These standards would be applicable for computation of income for financial year 2015-16 and subsequent years. The notification of ICDS shall be completed before 31.12.2014.
113.	129	There have been some suggestions for consolidation of Public Sector Banks. Government, in principle, agrees to consider these suggestions.	SBI Caps has been asked to do a feasibility study. The matter is under consideration.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
114.	130	To provide all households in the country with banking services, a time bound programme would be launched as Financial Inclusion Mission on 15 August this year. It would particularly focus to empower the weaker sections of the society, including women, small and marginal farmers and labourers. Two bank accounts in each household are proposed to be opened which will also be eligible for credit.	"Pradhan Mantri Jan-Dhan Yojana, an ambitious programme on Financial Inclusion was launched by the Hon'ble Prime Minister on 28.08.2014. Under the Yojana 5.59 crore accounts have been opened till 08.10.2014 out of which 2.30 crore are in urban area and 3.29 crore in rural area. There are 4.23 crore accounts with zero balance and in remaining 1.36 crore accounts deposit of ₹4334.34 crore has been mobilized. The average balance per account is ₹775.37. The action has been completed.
115.	131	Long term financing for infrastructure has been a major constraint in encouraging larger private sector participation in this sector. On the asset side, banks will be encouraged to extend long term loans to infrastructure sector with flexible structuring to absorb potential adverse contingencies, sometimes known as the 5/25 structure. On the liability side, banks will be permitted to raise long term funds for lending to infrastructure sector with minimum regulatory pre-emption such as CRR, SLR and Priority Sector Lending (PSL).	The action has been completed. RBI has issued two circulars to Banks on 15th July, 2014 permitting them to raise long term funds through infrastructure bonds and providing flexibility in structuring loans to infrastructure projects.
116.	132	After making suitable changes to current framework, a structure will be put in place for continuous authorization of universal banks in the private sector in the current financial year. RBI will create a framework for licensing small banks and other differentiated banks. Differentiated banks serving niche interests, local area banks, payment banks etc. are contemplated to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force.	RBI vide its press release dated 17.7.2014 has released the draft guidelines for "licensing of payment Banks" and draft guidelines for licensing of Small Banks" for seeking opinion from stakeholders by 30.8.2014. This process will be completed shortly.
117.	133	Six new Debt Recovery Tribunals would be set up at Chandigarh, Bengaluru, Ernakulum, Dehradun, Siliguri and Hyderabad. Government	Comments from Urban Development on the Cabinet note have been sought.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		will work out effective means for revival of other stressed assets.	
118.	134	The Government would work towards addressing the issue of low insurance penetration and density in multi-pronged manner with the support of all stake holders concerned. This would include suitable incentives, using banking correspondents, strengthening micro-offices opened by public sector insurance. It was also proposed to take up the pending insurance laws (amendment) Bill for consideration of the Parliament.	LIC, GIPSA companies and IRDA had presented the proposed Action Plan to fulfill this announcement on 16th July, 2014. Action plan being finalised with incorporation of suggestions conveyed during meeting. Information sought from IRDA, GIPSA, LIC for final draft is awaited and will be finalised shortly. Pradhan Mantri Jan DhanYojna (PMJDY) targeting comprehensive financial inclusion has been launched by PM on 28th August 2014. To ensure wide coverage of the micro insurance products of life/ - life sector and AABY under the program PSICs have been requested to ambitiously finalise targets for coverage/issue of policies and follow up in consultation with the State Level Bankers Committee (SLBC), District Level Bankers Committee and Block Level Bankers Committee coordinators, for each Sub Service Area under PMJDY. PSICs have been requested to ensure that all Regional/ Branch offices are closely associated with the roll out of this programme and attainment of its goals through close coordination with the field banking entities and regular monitoring.
119.	135	The Budget proposed to bridge the regulatory gap under the Prize Chits and Money Circulation Scheme (Banning) Act, 1978.	Draft Cabinet Note and the Bill is under finalisation in the Department. Meeting with all stakeholders was held. The written Replies from Ministries/Departments are awaited.
120.	136	To address the concerns of decline in savings rate and improving returns for small savers, the Budget proposed to revitalize small savings.	Under submission.
121.	137	My Government attaches utmost importance to the welfare of Girl Child. A special small savings instrument to cater to the requirements of educating and marriage of the Girl Child would be introduced. A National Savings Certificate with insurance cover would also be launched to provide additional benefits for the small saver.	Scheme has been notified on 2nd December, 2014.
122.	138	In the PPF Scheme, annual ceiling will	The action has been completed. Ceiling of PPF

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		be enhanced to ₹1.5 lakh p.a. from ₹1 lakh at present.	Scheme enhanced to ₹1.5 lakh p.a. from ₹ 1 lakh.
123.	139	The Budget proposed to allocate an amount of ₹ 2,29,000 crore for the current financial year for Defence.	The action has been completed. Already provided in the demands of MoD.
124.	140	The Budget proposed to set aside a further sum of ₹ 1,000 crore to meet this year's requirement.	A working Group was constituted under the Chairmanship of CGDA for examining the proposal. The Working Group after deliberation suggested some possible options for implementation of One Rank One Pension (OROP). One of the options as suggested by Working group has been examined and submitted to Defence Minister. A meeting was held on 26.8.2014 under the Chairmanship of Defence Minister with Defence Secretary, Secretary (ESW), FA (DS) and CGDA on the implementation of OROP. The modalities are under consideration.
125.	141	The Budget proposed to increase the capital outlay for Defence by ₹ 5,000 crore over the amount provided for in the interim Budget. This includes a sum of ₹ 1,000 crore for accelerating the development of the Railway system in the border areas. Urgent steps would also be taken to streamline the procurement process to make it speedy and more efficient.	It has been decided with the approval of Defence Minister to request Ministry of Finance for reversion of the allotment of ₹ 1000.00 crore which has been provided for Defence Rail Network in the Capital segment of Army Grant and to make dedicated non-lapsable funds available to the Railway Board for development of Strategic Railway lines.
126.	142	A War Memorial would be constructed in the Princes Park. It will be supplemented by a War Museum. The Budget allocates a sum of ₹ 100 crore for this purpose.	The draft proposal has been prepared by the Engineer-in-Chiefs' Branch (HQ of Army) containing roadmap for the project and other planning parameters to take the project forward. A proposal for consideration of the Cabinet is being prepared for approval of the project.
127.	143	In the year 2011, a separate fund was announced to provide necessary resources to public and private sector companies, including SMEs, as well as academic and scientific institutions to support research and development of Defence systems that enhance cutting-edge technology capability in the country. The Budget proposed to set aside an initial sum of ₹ 100 crore	The scheme is being formulated in consultation with all the stakeholders. Draft of Scheme document has been prepared and circulated to all stakeholders for their comments/views. Draft Cabinet Note for the scheme shall be initiated subsequent to finalization of scheme. Moreover, action has also been initiated to create a separate Budget Head under Ministry of Defence (Civil) in the nature of non lapsable fund under Public Account.

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<table>
<tr><th>Sl. No.</th><th>Para No.</th><th>Summary of Budget Announcement</th><th>Status of Implementation</th></tr>
<tr><td></td><td></td><td>to set up a Technology Development Fund to support this objective.</td><td></td></tr>
<tr><td>128.</td><td>144</td><td>The scheme for modernization of state police forces would be reviewed. The Budget proposed to enhance the allocation from a sum of ₹ 1,847 crore in the BE of 2013-14 to ₹ 3,000 crore in the current financial year. The Budget also allocating adequate funds for carrying out small but much needed developmental activities as Additional Central Assistance for Left Wing Extremist Affected districts.</td><td>The Modernization of Police Forces (MPF) Scheme and its criterion for fund allocation etc. will be reviewed with a view to make the Scheme more efficient and effective.
The Ministry of Home Affairs constituted a Committee on 8th September, 2014 under the chairmanship of Additional Director General, Bureau of Police Research & Development (BPR&D). The Committee is likely to submit its report shortly.
The enhanced allocation may be made available under the MPF Scheme at the time of finalization of RE/ processing of Supplementary Grants for the year 2014-15. The tentative additional Central allocations likely to be available under the MPF Scheme has been worked out on pro rata basis in terms of the distribution ratio adopted / approved by the Cabinet Committee on Security in 2005. Accordingly, the State Governments have been advised to furnish their additional State Action Plan proposals for 2014-15 under the MPF Scheme to this Ministry.</td></tr>
<tr><td>129.</td><td>145</td><td>In order to strengthen and modernize border infrastructure, a sum of ₹2,250 crore was set aside. In addition, a sum of ₹ 990 crore was allocated for the socio economic development of the villages along the borders. A sum of ₹150 crore was ear-marked for the construction of Marine Police Station, Jetties, for the purchase of boats etc.</td><td><table>
<tr><th colspan="2">BE 2014-15 (₹ crore)</th><th>Position of expenditure as on 31.10.2014 (₹ crore)</th></tr>
<tr><td>Border Infrastructure</td><td>2250.00</td><td>585.38</td></tr>
<tr><td>Socio economic development</td><td>990.00</td><td>642.74</td></tr>
<tr><td>Construction of MTS, Jeties & purchase of boats etc.</td><td>150.00</td><td>12.88</td></tr>
</table></td></tr>
<tr><td>130.</td><td>146</td><td>The Budget proposed to set aside a sum of ₹ 50 crores for the construction of a befitting National Police Memorial purpose in the 2014-15.</td><td>The design of National Police Memorial is being prepared by National Building Construction Corporation (NBCC).</td></tr>
<tr><td>131.</td><td>147</td><td>The Budget proposed to create 5 tourist circuits around specific themes and set aside a sum of ₹ 500 crore for this purpose.</td><td>The draft guidelines for the new Scheme have been prepared and the same has been submitted to Internal Finance Division for concurrence.</td></tr>
</table>

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
132.	148	National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) shall be launched in this financial year. A sum of ₹ 100 crore is being set aside for this purpose.	The draft guidelines for the new Scheme have been prepared and the same has been submitted to Internal Finance Division for concurrence.
133.	149	National Heritage City Development and Augmentation Yojana (HRIDAY) would also be launched for conserving and preserving the heritage characters of these cities. To begin with The Budget proposed to launch this programme in the cities such as Mathura, Amritsar, Gaya, Kanchipuram, Vellankani and Ajmer. The Budget proposed to set aside a sum of ₹ 200 crore for this purpose. The Project will work through a partnership of Government, academic institutions and local community combining affordable technologies.	Guidelines for HRIDAY have been approved by Secretary (UD) and EFC Note will be prepared and circulated soon.
134.	150	Archeological sites preservation requires urgent attention lest our ancient heritage is lost to all future generations. For this purpose, the Budget intended to set aside a sum of ₹ 100 crore.	Allocation to ASI circles is being done. Approach and strategy is being finalized.
135.	151	Sarnath-Gaya-Varanasi Buddhist circuit would also be developed with world class tourist amenities to attract tourists from all over the world.	This Circuit will be taken up as soon as the New Scheme guidelines are approved.
136.	152	Government of India will fully support to develop world class convention initiative to develop the facilities in PPP mode through the VGF scheme.	MoU declaring Goa as permanent venue has been signed with the Govt. of Goa.
137.	153	Rivers form the lifeline of our country. They provide water not only for producing food for the multitudes but also drinking water. Unfortunately the country is not uniformly blessed with perennial rivers. Therefore, an effort to link the rivers can give rich dividends to the country. To expedite the preparation of the Detailed Project Reports, the Budget proposed to set aside a sum of ₹ 100 crore.	A special commission for interlinking of rivers has been constituted by the MoWR, RD and GR vide notification dated 23.9.2014. Phase-I DPR of the Ken-Betwa link project is 6 year old and exercise for updating the same has been initiated. Various options for the execution of the Ken-Betwa link project are under consideration and the final call in this regard will be taken in consultation with the Govt. of UP and Madhya Pradesh.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			Preparation of FR and DPR of Himalayan Component and Peninsular Component is a continuous ongoing exercise and extra funds in the Budget are expected to be fully utilized for the preparation of more FRs/DPRs.
138.	154	The Budget proposed to set up Integrated Ganga Conservation Mission called "Namami Gange" and set aside a sum of ₹ 2,037 crores for this purpose.	The break-up of ₹ 2037 crore is - (a) ₹ 1500 crore from National Clean Energy Fund and (b) ₹ 537 crore in existing demand brought out of MoEF&CC in content of Gazette Notification No. CD-517/2014 dated 1.8.2014. This break-up of ₹537 crore is ₹355 crore for National Ganga River Basin Authority (NGRBA) [which also includes National Mission for Clean Ganga (NMCG)] and ₹ 182 crroe under NRCP. In latter there would be three components (a) amount relating to work on River Yamuna and other tributaries of River Ganga like Gomti, Gaghra, Damodar, etc. (b) amount relating to other rivers; and (c) salaries and other ancillary administrative expenditure on NRCP). Appropriate Budget in respect of (b) & (c) will be transferred to Environment and Forest and Climate Change. A new Ministry for Ganga Rejuvenation has been created to bring a comprehensive approach for this national priority. Additionally, number of Ministries have been working together to arrive at a common strategy and action plan to realize the vision of rejuvenated Ganga. The key Ministries comprising of (a) Water Resources, River Development and Ganga Rejuvenation, (b) Environment, Forest & Climate Change, (c) Urban Development, (d) Drinking Water and Sanitation, (e) Rural Development (f) Tourism, and (g) Shipping have been working together since June, 2014 to arrive at a comprehensive action plan.
139.	155	The Budget proposed to set aside a sum of ₹ 100 crore for Ghat development and beautification of river front at Kedarnath, Haridwar, Kanpur, Varanasi, Allahabad, Patna and Delhi in the current financial year.	To avoid duplication of activities, works are proposed to be taken up in consultation with Ministry of Tourism, duly ensuring maintaining of aesthetic aspect. Individual DPR's are proposed to be prepared. In addition to the fund provided to Ministry of Tourism for development of ghats at Varanasi, an additional sum of ₹ 100 crore has been allocated for development of ghats and

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			beautification of river fronts at Kedarnath, Haridwar, Kanpur, Varanasi, Allahabad, Patna and Delhi.
140.	156	NRIs have been a very important contributor to the development process in India, in areas such as education, health and preservation of culture. In this context, to harness their enthusiasm to contribute towards the conservation of the river Ganga, NRI Fund for Ganga will be set up which will finance special projects.	Fund has been setup in Ministry of Water Resources, RD&GR with the approval of the Cabinet.
141.	157	The Department of Science & Technology has some of country's leading research centres in the areas such as nanotechnology, materials science and bio-medical device technology. The government will strengthen at least five such institutions as Technical Research Centres to make them more effective in the innovation space through Public Private Partnerships.	SFC Memos for three out of the five Technical Research Centres (TRCs) were submitted to the Integrated Finance Division (IFD) of DST on 20.9.2014. There are under IFD's active consideration at the moment. The two SFC Memos on the remaining TRCs will be submitted to IFD shortly.
142.	158	The development of biotech clusters in Faridabad and Bengaluru will be scaled up and taken to the highest international quality. This effort will include global partnerships in accessing model- organism resources for disease biology, stem cell biology and for high-end electron microscopy.	Sanction order for Bengaluru has been issued. For Faridabad the sanction order is likely to be issued on 7th August, 2015.
143.	159	The nascent agri-biotech cluster in Mohali will be scaled up to include plant-genetic and phenotype platforms. Secondary agriculture will be a major thrust in Mohali through collaborations in the public and private sector. In addition, two new clusters, in Pune and Kolkata will be established.	Process is underway for all three.
144.	160	Global partnerships will be developed under India's leadership to transform the Delhi component of the International Centre for Genetic	EFC Meeting has been held. Draft Cabinet Note has been submitted.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		Engineering and Biotechnology (ICGEB) into a world-leader in life sciences and biotechnology.	
145.	161	Several major space missions are planned for 2014-15 which include the experimental flight of India's future heavy capacity launcher GSLV Mk-III, one commercial launch of PSLV and two more navigational satellites.	Two solid boosters (S-200) have been realized and assembled on mobile launch pedestal at Solid Stage Assembly Building. Electrical Checks and functional test with avionics assembly completed on Core liquid stage (L-110). Passive Cryogenic Stage (C25) is undergoing functional checks at Technical Complex. PSLV-C23 successfully launched French Earth Observation satellite SPOT-7 and 4 co-passenger satellites viz. NLS 7.1 & NLS 7.2 from Canada, AISAT from Germany and VELOX-1 from Singapore on June 30, 2014 from Sriharikota. **IRNSS:** Out of ₹120 crore, ₹ 35.92 crore have been utilized. Action is likely to be completed by end of 2015. **IRNSS-1C:** • Assembly, Integration and Testing (AIT) and Thermovac tests completed. • Acoustic, Vibration and compact Antenna Test Facility (CATF) Tests completed. • Payload and Electrical Bus Systems Pre-Shipment Review (PSR) completed. • Satellite Level PSR is on September 3, 2014. • Shipment to SHAR on September 8, 2014 **IRNSS-1D:** All systems including payload integration completed. Open mode Integrated Spacecraft Testing (IST) is scheduled) for September 1, 2014.
146.	162	Our Mars Orbiter spacecraft is in its 300 days long voyage to Planet Mars along the designated helio-centric trajectory. Mars Orbiter Spacecraft is expected to be orbiting around Mars on September 24, 2014.	The action has been completed.
147.	163	Government will set up national level Sports Academies for major games in different parts of the country to mainstream sports. Academies with international level facilities for training	Concept Note for setting up Junior Sports Academies and National level Sports Academies has been prepared and submitted for approval by the competent authority. Draft EFC memo is being prepared.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		of accomplished athletes and for nurturing best talent in the country at junior and sub-junior level will also be set up for Shooting, Archery, Boxing, Wrestling, Weightlifting and various Track and field events.	
148.	164	The Budget proposed to provide a sum of ₹200 crore for upgrading the indoor and outdoor sports stadiums to international standards in Jammu and in Kashmir Valley.	A proposal was received from Government of Jammu & Kashmir which was examined. Draft concept note prepared and submitted to competent authority. Draft NIT to select the PSU for PMC works being prepared. Further Draft SFC memo is under preparation.
149.	165	The Budget also proposed to set up a sports university in Manipur. Budget provided a sum of ₹ 100 crore in the current financial year.	The proposed location for setting up of the University has been identified. The matter has been taken up with the Government of Manipur for transfer of land. The Government of Manipur has intimated that they have already started the process of land acquisition at 44-Yaithibi in Thoubal Sub-Division, Manipur and Government of Manipur assured to hand over possession of the 200 acre plot of land by 31.12.2014. The draft National Sports University Bill, 2014 was published in MYAS website on 7.11.14 inviting suggestions/comments from pulic and various Departments/ Ministries also. EFC Memo submitted to Department of Expenditure on 25.11.2014. CPSU will act as PMC to take up various construction works finalized. Work order will be given only after EFC appraisal and CCEA approval.
150.	166	Unique sports traditions have developed in the Himalayan region in the countries and the states that are a part of it. To promote these, India will start an annual event to promote these games and would invite countries such as Nepal and Bhutan also to participate in addition to the Indian states such as J&K, Uttarakhand, Himachal Pradesh, Sikkim and the North Eastern States.	The Embassies of Bhutan and Nepal were requested to forward the names of traditional sports which are popular and played by the masses in their countries, which could be included in the sports event. Letters were also issued the State Governments of all North Easters States, Jammu & Kashmir, Himachal Pradesh and Uttarakhand asking them to furnish similar details. Concept note already approved by the competent authority and draft SFC memo submitted to IFD for comments.
151.	168	Employment exchanges will be transformed into career centres and in addition for providing information	₹50 crore has been allocated for setting up of 50 Model Career Centres. Progress is on track. Guidelines for the Model Career Centres was

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		about job availability. These centers will also extend counseling facilities to the youth for selecting the jobs best suited to their ability and aptitude. The Budget set aside a sum of ₹ 100 crore for this purpose.	circulated to States on 8-Aug-2014. Discussions held with States in a National Consultation workshop on 29-Aug-2014. The Scheme is being restructured based on the directions of the meeting taken by Hon'ble PM on 21.10.2014. Brainstorming Session with Academia, Industry and States was held on 31.10.2014. Capacity building Training of Employment Exchange officers started on 25-Aug-2014 at IIFT, New Delhi and ASCI, Hyderabad. 200 Officers trained. Proposals for first six Model Career received from States. Proposals for operationalisation of remaining Model Career Centres were received form States. Revised EFC note is under submission. Project Management Consultancy engaged for launching of National Career Service portal. RFP for IA was floated in August 2014.
152.	169	The Budget proposed to set up "A Young Leaders Programme" with an initial allocation of ₹ 100 crore.	The EFC note for introduction of the new Scheme, namely, National Young Leaders Programme (NYLP), was circulated. The comments have been received from almost all Ministries/Departments concerned. EFC meeting proposal has been submitted.
153.	170	Displaced Kashmiri migrants require our special support for rehabilitation. For this, the Budget intended to provide a sum of ₹ 500 crore in the current financial year.	(a) A proposal with financial implications of ₹5820 Crore has been received from the Government of J&K for revision in the existing PM's Package-2008. The proposal envisages upward revision of the scale of the most of the items of existing package. It seeks enhancement of financial assistance for construction/ reconstruction of houses up to ₹20 lakh, financial assistance for providing 3000 State Government jobs to the migrant youths, financial assistance of ₹10 lakh for self employment/ business venture, construction of 2000 transit accommodations in the Valley, financial assistance of ₹900 crore for acquiring land for establishing cluster accommodations etc. The said proposal is under examination in the MHA. (b) The State Government has submitted another proposal for financial assistance of ₹91.56 Crore for funding the rehabilitation of Jammu migrants (residents of the State who also migrated from one place to another in the Jammu region itself during the wake of militancy in 1990s). A view is to be taken whether the

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			package announced in the Union Budget 2014-15 should cover both the Kashmiri migrants and Jammu migrants. (c) The consultation process with the State Government and the representatives of the migrants in this respect is in progress for finalizing the draft of the scheme. To finalize the package for rehabilitation of Kashmir migrants (d) The Ministry of Home Affairs has accorded its approval for enhancement of cash relief to the Kashmiri migrants from the present level of ₹1650/- per person per month [Max. ₹6600/- per month per family] to ₹2500/- per person per month [max. ₹10,000/- per month per family].
154.	171	The Budget proposed to set up a National Centre for Himalayan Studies in Uttarakhand with an initial outlay of ₹ 100 crore.	The operationalization of the proposed Scheme "National Mission on Himalayan Studies" entails appraisal of EFC and approval of the competent authority before its operation. Inter-Ministerial Consultations were held on 1.10.2014 to finalize the EFC Memo prior to submitting it for concurrence of IFD. EFC meeting for appraisal of the Scheme is scheduled shortly.
155.	172	The Budget proposed to set up the National Academy for Customs & Excise at Hindupur in Andhra Pradesh.	A committee has been set up to conduct the feasibility study. The committee visited Hindupur in Andhra Pradesh on 20.9.2014. After examining the feasibility, the Committee has recommended setting up NACEN in the 500 acres of land at Palasamudram village, adjacent to NH-7. The FM has approved purchase of 500 acres of land for setting up the Academy in Hindupur.
156.	173	The Budget proposed to provide a sum of ₹100 crore for the development of commercial organic farming in North Eastern Region of India in 2014-15.	An amount of ₹ 100 crore has already been made to DONER in Budget 2014-15 for promotion of organic food in NER. DAC will provide assistance to D/o DONER appropriately. Appropriate action is being taken on the observations made by IFD of Ministry of DoNER on the Draft Guidelines and Draft EFC memo. "In-principle Approval" from the Planning Commission is awaited.
157.	174	The Budget proposed to set aside an additional sum of ₹ 1,000 crore over and above the amount provided for the North East rail connectivity in the interim Budget for expedite the development of rail connectivity.	A letter has been sent to Chairman, Railway Board and Secretary, Defence to complete this in near future.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
158.	175	To provide a strong platform to rich cultural and linguistic identity of the North-East, a new 24x7 channel called "Arun Prabha" will be launched.	Prasar Bharati has made projection of ₹ 24 crore under Capital and ₹ 22 crore under revenue plan (for programme production) for launching new 24x7 Channel for North East called Arun Prabha. Accordingly, Prasar Bharati had been requested to furnish SFC proposal in the prescribed format to this Ministry. SFC proposal was received and the observations of the Ministry have been conveyed to Prasar Bharti whose clarifications are awaited.
159.	176	The Government is committed to addressing the issues relating to development of Andhra Pradesh and Telangana in the AP Re-organization Act, 2014. Provision has been made by various Ministries/Departments to fulfill the obligation of Union Government for both the States.	Under process.
160.	177	NCT of Delhi faces large in-migration every year. Delhi is plagued by frequent transmission related problems and issues of water distribution and supply. In order to overcome this and make Delhi a world class city,the Budget proposed to provide ₹ 200 crore for power reforms and ₹ 500 crore for water reforms.	Power Section support to NCT of Delhi: Scheme formulated. EFC meeting held on 1.10.2014. Approval of the Scheme by MOS (I/C), for Power, Coal, and NRE and Finance Minister-Sanction order was issued on 29.10.2014. An amount of ₹ 450 crore has to be released by Ministry of Water Resources, RD & GR to Government of NCT of Delhi for water reforms projects. Remaining amount of ₹ 50 crore would be made out of AIBP allocations to the concerned authority which would execute project either in the Ministry of Water Resources, RD and GR or by the Govt. of Himachal Pradesh.
161.	178	To solve the long term water supply issues to the capital region, construction of long pending Renuka Dam would be taken up on priority. The Budget provided an initial sum of ₹ 50 crore for this.	An amount of ₹ 50 crore, releases would be made out of AIBP allocations to the concerned authority which would execute project either in M/o Water Resources, RD & GR or by Govt. of Himachal Pradesh.
162.	179	In order to tide over communication related problems of Andaman and Nicobar Island, the Budget proposed to allot a sum of ₹ 150 crore.	As per the Budget announcement, the MHA have allocated additional ₹150 crore to A&N Islands UT's budget. This amount is required to be placed at the disposal of BSNL for hiring of required number of transponders for augmenting the bandwidth capacity up to 1 Gbps. On 28.6.2014, BSNL placed a formal request to DoS/ ISRO to hire two transponders from

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			MEASAT, which will give 90 Mbps of bandwidth. However after bidding ANTRIX found that MEASAT did not have spare capacity of C-Band transponders. On 10/08/2014 DoS/ISRO shared with BSNL the negotiated rates and terms and conditions for acceptance of hiring transponders from foreign satellite that were empanelled with ANTRIX. It was found that transponders are available in ASAISAT-5, however the cost is 4-5 times higher than that of ISRO transponders. Therefore BSNL has come up with a revised proposal. A Detailed Project Report (DPR) and Memorandum for Expenditure Finance Committee (EFC) received from the UT Administration in respect of the Grant to BSNL for hiring of additional Satellite Transponder for improving Telecom connectivity between A&N Islands with mainland and inter Islands has been sent to DOT on 09.10.2014, with a request to examine the proposal of the UT Administration and obtain approval of EFC on the Financial implication of the proposal.
163.	180	The Budget proposed to provide ₹ 188 crore to Puducherry for meeting commitments for Disaster preparedness.	Government of Puducherry requested to release an amount of ₹88,98,62,132/- on account of implementation of Coastal Disaster Risk Reduction Project in Puducherry. The same has been released on 17.10.2014.
164.	249	Measures are being initiated to extend the existing 24x7 customs clearance facility to 13 more airports in respect of all export goods and to 14 more sea ports in respect of specified import and export goods.	Staffing requirement for 24x7 operations has been completed by most agencies. On 17.10.2014, it was decided to prepare a master list of officials available for 24x7 operations. This would be informed to trade. Chief Commissioners concerned asked to ensure availability of Customs personnel for 24x7 operations. Ongoing process
165.	250	The Budget proposed to implement an 'Indian Customs Single Window Project' to facilitate trade. Under this, importers and exporters would lodge their clearance documents at a single point only. Required permissions, if any, from other regulatory agencies would be obtained online without the trader having to approach these agencies. This would reduce interface	Secretaries of Ministries concerned have been requested to nominate officers to the steering Group and to establish Project Management Units to implement the Project. The Steering Group met on 12.11.2014 and decided to fast track pilot project with Plant Quarantine Authority. It was also decided to study the exchange of messages with Food Safety and Standards Authority of India (FSSAI). Ongoing process.

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		with Governmental agencies, dwell time and the cost of doing business.	
166.	*	Setting up of a special fund of ₹ 2,000 crore in NABARD for providing affordable credit to agro-processing units being designated as food parks.	RBI on 26.8.2014 allocated ₹ 2,000 crore to NABARD. NABARD has been advised to finalise the modalities of the fund in consultation with Ministry of Food Processing. NABARD has forwarded the guidelines to Ministry of Food Processing.
167.	*	Restoration of the accelerated depreciation benefit for wind energy through amendments in the Finance Bill.	The action has been completed. The notification for restoring Accelerated Depreciation (AD) @80% for wind power project installed on or after 1.4.2014 has been issued on 16.9.2014.
168.	*	Establishment of drug de-addition centres in Punjab and other parts of the country with an initial contribution ₹ 50 crore.	The matter is under process.

*These announcements were added during the discussion on Budget Speech in Parliament.

Annex continued

Annexure II

1. KEY INDICATORS

Items	2012-13	2013-14	per cent change 2012-13	per cent change 2013-14	APRIL - SEPTEMBER 2013-14	2014-15	per cent change 2013-14	per cent change 2014-15
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
GDP at factor cost at current prices- (₹ ’000 crore)	9389[1R]	10473[P]	11.9	11.5	4897	5417	11.7	10.6
Implicit Price Deflator	171.3	182.4	7.1	6.5	179.6	188.3	6.4	4.8
GDP at factor cost at 2004-05 prices- (₹ ’000 crore)	5482[1R]	5742[P]	4.5	4.7	2727	2878	4.9	5.5
Gross Value Added in Agriculture and allied sectors at 2004-05 prices - (₹ ’000 crore)	765[1R]	801[P]	1.4	4.7	336	348	4.5	3.5[P]
Index of Industrial Production (IIP)	172.2	172.0	1.1	-0.1	167.0	171.7[P]	0.5	2.8[P]
Electricity generated (in billion kwh)	912.1	967.2	4.0	6.0[P]	482.0[P]	532.0[P]	6.0[P]	10.4[P]
Wholesale price index (point-to-point) 2004-05=100	167.6	177.6	7.4	6.0	175.2	183.6	5.7	4.8
Consumer price index (New Series) 2010=100	123.3	135	10.2	9.5	132.1	142.3	9.6	7.7
Money Supply (M3) (₹ ’000 crore)[1]	8389.8	9497.33	13.6	13.2	8833.1	9959.4	13.0	12.8
Imports at current price[2] (in ₹ ’Crore)	2669162	2715434	13.8	1.7	1355762	1409467	4.9	4.0
(in US$ million)	490737	450200	0.3	-8.3	230479	234100	-2.5	1.6
Exports at current prices[2] (in ₹ ’Crore)	1634319	1905011	11.5	16.6	910883	972272	15.2	6.7
(in US$ million)	300401	314405	-1.8	4.7	153755	161493	6.3	5.0
Foreign currency assets (in ₹’ Crore)	1418339	1672942	6.3	18.0	1565932	1791486	14	14.4
(in US$ million)	260775	278361	0.01	6.7	249444	290360	-4.3	16.4
Exchange rate (/US $)[3&4]	54.4	60.5	-11.9	-10.1	59.1	60.2	-7.5	-1.8

1R: 1st Revised estimates; P: Provisional Data; 1: Figures in column 2 and 3 are for end March of the respective financial year; 2: As per DGCI&S; 3 (+) indicates appreciation and (-) indicates depreciation of the Rupee vis-à-vis the US Dollar. 4. Yearly /Half yearly average exchange rate {average of buying & selling by Foreign Exchange Dealers Association of India (FEDAI)}. Exchange Rate from May 2012 onwards is RBI’s reference rates.

Annex continued

2. MAJOR ITEMS OF INDIA'S BALANCE OF PAYMENTS DURING H1 OF 2013-14 AND 2014-15

(in US$ billion)

Items	2012-13 (PR)	2013-14 (P)	2013-14 (P)	2014-15 (P)
	Full Year	Full Year	H1 (April-Sept. 2013)	H1 (April-Sept.2014)
Exports	306.6	318.6	155.2	167.0
Imports	502.2	466.2	238.9	240.2
Trade Balance	**-195.7**	**-147.6**	**-83.8**	**-73.2**
Net Invisibles	107.5	115.2	56.8	55.3
Current Account Balance	**-88.2**	**-32.4**	**-26.9**	**-17.9**
External assistance (Net)	1.0	1.0	0.1	0.6
Commercial Borrowing (Net)	8.5	11.8	2.5	3.4
FDI (Net)	19.8	21.6	14.6	16.2
Portfolio	26.9	4.8	-6.8	22.2
Short term Debt	21.7	-5.0	0.6	0.1
NRI Deposits	14.8	38.9	13.7	6.5
Capital Account Balance	**89.3**	**48.8**	**15.8**	**38.5**
Errors & Omissions	2.7	-0.9	0.5	-2.5
Capital Account Balance (including errors & omissions)	**92.0**	**47.9**	**16.3**	**36.0**
Overall Balance	3.8	15.5	-10.7	18.1
Change in Reserves (- indicates increase; + indicates decrease) (on BoP Basis)	-3.8	-15.5	10.7	-18.1
Memo: As ratio to GDP (%)				
Trade Balance	-10.5	-7.9	-9.5	-7.6
Net Invisibles	5.8	6.1	6.5	5.8
Current Account Balance	-4.7	-1.7	-3.1	-1.9
Net Capital Flows	4.8	2.6	1.8	4.0

Source: RBI

P: Preliminary, PR: Partially Revised

Note: Total may not tally due to rounding off.

Annex continued

3. MONETARY SURVEY

Items	Outstanding Balances				Per cent variation			
	2012-13a (₹ crore)	**2013-14a** (₹ crore)	**Nov 29, 2013** (₹ crore)	**Nov 28, 2014** (₹ crore)	**Full year** 2012-13	**Full year** 2013-14	**year-on-year** Nov 29, 2013	Nov 28, 2014
I. **Broad Money**	8,389,819	9,497,326	9,182,498	10,191,862	13.6	13.2	14.9	11.0
Components of Money Stock								
1) Currency with the public	1,141,061	1,248,344	1,207,836	1,306,920	11.5	9.4	11.1	8.2
2) Aggregate deposits with banks	7,245,518	8,247,016	7,966,719	8,876,992	14.0	13.8	15.4	11.4
3) Other deposits with Reserve Bank	3,240	1,965	7,943	7,949	14.8	-39.3	234.4	0.1
Sources of M3								
I. **Net Bank Credit to Government**	2,709,011	3,038,602	3,001,923	3,116,702	14.1	12.2	14.9	3.8
1) RBI credit to Govt	590,578	698,708	658,386	556,815	-	-	-	-
2) Other Bank credit to Govt	2,118,434	2,339,895	2,343,537	2,559,886	15.3	10.5	12.9	9.2
II. **Bank credit to Commercial Sector**	5,667,867	6,442,483	6,083,701	6,724,767	13.5	13.7	13.7	10.5
1) RBI credit to Commercial sector	3,058	8,839	3,887	4,214	-22.8	189.0	-28.7	8.4
2) Other Bank credit to Commercial sector	5,664,809	6,433,643	6,079,814	6,720,553	13.6	13.6	13.8	10.5
III. **Net foreign exchange assets of the banking sector**	1,636,659	1,923,948	1,872,841	2,038,198	6.0	17.6	15.7	8.8
IV. **Govt's Net Currency Liability to the public**	15,340	17,336	16,743	18,262	14.1	13.0	13.7	9.1
V. **Other items (net)**	1,639,058	1,925,044	1,792,710	1,706,067	6.5	17.4	12.0	-4.8
Memorandum items								
1) NDA	6,753,160	7,573,378	7,309,657	8,153,665	15.6	12.1	14.7	11.5
2) Reserve money (M_0)	1,514,886	1,732,739	1,616,515	1,748,447	6.2	14.4	12.1	8.2

Please note item V on the sources side is net non-monetary liablilities of the banking sector. On the sources side, M3 is derived by summing items I,II and III and IV and deducting item V. *: Figures are for End March of the respective financial year

Annex continued

Table 4: Trends in Growth rates of Infrastructure Sectors and Universal Intermediaries

(Per cent)

Sector	2011-12	2012-13	2013-14	April-September	
Industry				2013-2014	2014-15
Core infrastructure industries					
Electricity generation	8.1	4.0	5.8	5.8	10.0
Coal	1.3	4.6	0.8	2.2	7.2
Steel	10.3	4.1	8.5	12.9	2.3
Crude oil	1.0	-0.6	-0.2	-1.3	-1.2
Refinery products	3.1	29.0	1.6	5.1	-2.6
Cement	6.7	7.7	3.0	4.5	9.70
Natural gas	-8.9	-14.5	-13.0	-16.5	-5.9
Fertilizers	0.4	-3.4	1.5	2.5	0.0
Overall index	**5.0**	**6.5**	**3.5**	**5.0**	**4.0**
Transport and Communications					
Roads (Widening & Strengthening of Highways)					
NHAI	26.0	26.5	-33.2	-17.9	-24.4
State PWD & BRO	-29.0	-3.0	-3.1	-6.3	-1.2
Cargo handled at major ports	-1.7	-2.6	1.8	2.3	4.2
Railway revenue earning freight traffic	5.2	4.1	4.3	6.2	4.2
Civil Aviation					
Export Cargo handled	-2.2	0.5	5.5	3.6	10.4
Import Cargo handled	-1.6	-10.2	-1.6	-5.5	6.6
Passengers handled at International Terminals	7.6	5.2	9.6	12.0	8.8
Passengers handled at DomesticTerminals	15.0	-4.4	5.5	6.1	10.4
Mobile Phone connections	-52.7	0.0	0.0	-122.2	835.1

Source: *(i). O/o the Economic Adviser, DIPP, Ministry of Commerce & Industry- Core Infrastructure Industries.*
(ii). Ministry of Statistics & Programme Implementation - Transport & Communications.

Annex continued

5. TAX REVENUE

(₹ in crore)

MINISTRY/ DEPARTMENT	2014-2015 BE	2014-2015 ACTUALS upto 09/2014	2014-2015 %	2013-2014 BE	2013-2014 ACTUALS upto 09/2013	2013-2014 %
Corporation Tax	4,51,005.0	1,62,269.4	36%	4,19,520.0	1,53,728.3	37%
Taxes on Income	2,84,266.0	1,12,622.7	40%	2,47,639.0	99,985.4	40%
Taxes on Income other than Corporation Tax	*2,78,275.0*	*1,09,412.2*	*39%*	*2,40,919.0*	*97,772.5*	*41%*
Fringe Benefit Tax	*0.0*	*-12.4*		*0.0*	*2.7*	
Securities Transaction Tax	*5,991.0*	*3,222.9*	*54%*	*6,720.0*	*2,210.1*	*33%*
Wealth Tax	950.0	507.5	53%	950.0	515.6	54%
Customs	2,01,819.0	87,407.6	43%	1,87,308.0	83,027.1	44%
Union Excise Duties	2,07,110.0	60,547.1	29%	1,97,554.0	61,928.3	31%
Service Tax	2,15,973.0	65,201.1	30%	1,80,141.0	57,102.1	32%
Other taxes	3,401.4	2,062.9	61%	2,758.1	1,885.1	68%
Direct Taxes	…	11.8	…	…	11.5	…
Indirect Taxes	…	2,051.1	…	…	1,873.6	…
GROSS TAX REVENUE	**13,64,524.4**	**4,90,618.2**	**36%**	**12,35,870.1**	**4,58,171.8**	**37%**
Of which netted against expenditure (Surcharge for financing National Calamity Contigency Fund)	*5,050.0*	*2,012.5*	*40%*	*4,800.0*	*1,872.0*	*39%*
Balance Gross Tax Revenue	**13,59,474.4**	**4,88,605.7**	**36%**	**12,31,070.1**	**4,56,299.8**	**37%**
***Less** Assignment to States*	*3,82,215.9*	*1,65,414.6*	*43%*	*3,46,991.8*	*1,48,711.0*	*43%*
NET TAX REVENUE	**9,77,258.5**	**3,23,191.1**	**33%**	**8,84,078.3**	**3,07,588.8**	**35%**

Annex continued

6. NON-TAX REVENUE

(₹ in crore)

	MINISTRY/ DEPARTMENT	2014-2015 BE	2014-2015 ACTUALS upto 09/2014	2014-2015 %	2013-2014 BE	2013-2014 ACTUALS upto 09/2013	2013-2014 %
A.	Interest receipts	43,572.4	15,337.5	35%	32,990.4	25,089.7	76%
	***Less** - Receipts incidential to Market Borrowing taken in reduction of cost of borrowing*	*22,871.3*	*8,040.3*	*35%*	*14,316.0*	*15,648.9*	*109%*
	Waiver of Interest	*950.0*	*950.0*	*100%*	*910.0*	*910.0*	*100%*
	Net Interest Receipts	**19,751.1**	**6,347.2**	**32%**	**17,764.4**	**8,530.8**	**48%**
B.	**Dividends and Profits**	**90,229.3**	**61,388.2**	**68%**	**73,866.4**	**49,158.0**	**67%**
C.	**Non-Tax Revenue of U.T.s**	**1,110.7**	**568.7**	**51%**	**1,165.9**	**580.6**	**50%**
D.	**Other Non-Tax Revenue**						
	Fiscal Services	168.2	208.9	124%	87.8	72.7	83%
	Other General Services	26,834.8	12,219.9	46%	25,380.8	10,320.0	41%
	***Less**: Other Receipts utilised to write-off loans etc.*	*1,005.2*	*5.2*	*1%*	*1,006.1*	*5.2*	*1%*
	Net - Other General Services	25,829.6	12,214.7	47%	24,374.7	10,314.9	42%
	Social Services	4,850.6	1,099.6	23%	2,684.4	768.7	29%
	Economic Services	95,608.5	22,258.6	23%	77,388.3	20,946.9	27%
	***Less** : Other Receipts utilised to write-off loans*	*4.5*	*4.2*	*93%*	*4.5*	*4.3*	*95%*
	Net Economic Services	95,604.0	22,254.4	23%	77,383.8	20,942.7	27%
	Grants-in-Aid and Contributions	2,404.5	426.5	18%	1,456.1	544.6	37%
	Total Other Non-Tax Revenue	**1,28,856.9**	**36,204.1**	**28%**	**1,05,986.9**	**32,643.5**	**31%**
	***Less** : Commercial Departments*	*27,443.3*	*9,803.6*	*36%*	*26,531.2*	*8,598.4*	*32%*
	Net Other Non-Tax Revenue	**1,01,413.6**	**26,400.5**	**26%**	**79,455.7**	**24,045.1**	**30%**
	Net Non-Tax Revenue (A+B+C+D)	**2,12,504.6**	**94,704.6**	**45%**	**1,72,252.4**	**82,314.5**	**48%**

Annex continued

7. CAPITAL RECEIPTS

(₹ in crore)

	MINISTRY/ DEPARTMENT	2014-2015 BE	ACTUALS upto 09/2014	%	2013-2014 BE	ACTUALS upto 09/2013	%
1	(a) Market Loans including Short term borrowings	4,95,757.5	3,15,214.4	64%	5,03,844.5	3,18,239.6	63%
	(b) Receipt under MSS (Net)	20,000.0	0.0	0%	20,000.0	0.0	0%
	(c) Treasury Bills(14 days)	0.0	-24,852.1		0.0	-68,372.9	
2	Securities against Small Savings	8,228.5	-621.6	-8%	5,797.5	-621.6	-11%
3	(i) External Loans						
	Gross Borrowings	28,175.0	13,105.0	47%	27,646.3	9,706.6	35%
	Less Repayments	22,441.3	9,967.4	44%	17,086.2	8,893.8	52%
	Net Borrowings	5,733.8	3,137.7	55%	10,560.1	812.8	8%
	(ii) Revolving Fund		-2.2			13.3	
	Non-Debt Capital Receipts (4&5)						
4	Recoveries of Loans and Advances						
	Gross Recoveries	22,817.2	7,018.3	31%	22,054.0	6,561.2	30%
	Less Recoveries of Ways & Means Advances and Loans to Govt.Servants	12,290.0	1,808.2	15%	11,400.0	981.8	9%
	Net Recoveries of Loans & Advances	10,527.2	5,210.1	49%	10,654.0	5,579.3	52%
5	Miscellaneous Capital Receipts	63,425.0	121.6	0%	55,814.0	1,478.7	3%
	Disinvestment of Govt.'s Equity Holdings	43,425.0	121.6	0%	40,000.0	1,478.7	4%
	Issue of Bonus Shares	0.0	0.0		0.0	0.0	
	Other Misc. Receipts	20,000.0	0.0	0%	15,814.0	0.0	0%
6	National Small Savings Fund	2.0	22,281.1		-7.6	28,770.2	
	Small Savings, Public Provident Funds	24,885.8	7,395.1	30%	14,880.0	7,392.5	50%
	Investment in Securities	-3,430.5	8,181.4	-238%	3,531.9	11,570.9	328%
	Income & Expenditure of NSSF	-21,453.3	6,704.7	-31%	-18,419.6	9,806.8	-53%
7	State Provident Funds	12,000.0	488.0	4%	10,000.0	272.3	3%
8	Public Accounts (other than SPF& NSSF)	-4,251.7	32,894.2		15,387.6	-1,210.5	-8%
9	Other Internal Debt Receipts	-3,453.8	-3,638.6	105%	-3,083.4	52,699.4	-1709%
10	Ways & Means Advances		0.0			0.0	
11	Investment (-)/disinvestment (+) of Surplus Cash		30,251.0			13,978.0	
12	Decrease in Cash Balance (Including difference between RBI & A/C)	17,160.4	63,673.7		-	67,507.8	
13	Cash held under MSS	-20,000.0	0.0	0%	-20,000.0	0.0	0%
	TOTAL	**6,05,129.0**	**4,44,157.1**	**73%**	**6,08,966.6**	**4,19,146.4**	**69%**

Annex continued

8. PLAN EXPENDITURE

(₹ in crore)

MINISTRY/ DEPARTMENT	2014-2015 BE	2014-2015 ACTUALS upto 09/2014	2014-2015 %	2013-2014 BE	2013-2014 ACTUALS upto 09/2013	2013-2014 %
(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF AGRICULTURE	**28,198.0**	**14,412.7**	**51%**	**27,049.0**	**14,278.6**	**53%**
Department of Agriculture and Cooperation	22,309.0	11,650.1	52%	21,609.0	11,587.8	54%
Department of Agricultural Research and Education	3,715.0	1,696.5	46%	3,415.0	1,697.4	50%
Department of Animal Husbandry, Dairying and Fisheries	2,174.0	1,066.1	49%	2,025.0	993.4	49%
DEPARTMENT OF ATOMIC ENERGY	**5,880.0**	**2,244.7**	**38%**	**5,880.0**	**2,039.2**	**35%**
Atomic Energy	4,910.0	2,244.7	46%	5,163.9	1,912.1	37%
Nuclear Power Schemes	970.0	-	-	716.1	127.1	18%
MINISTRY OF CHEMICALS AND FERTILISERS	**514.0**	**80.8**	**16%**	**1,657.0**	**1,066.7**	**64%**
Department of Chemicals and Petrochemicals	207.0	62.1	30%	1,200.0	1,049.3	87%
Department of Fertilisers	100.0	1.1	1%	269.0	1.0	0%
Department of Pharmaceuticals	207.0	17.6	8%	188.0	16.4	9%
MINISTRY OF CIVIL AVIATION	**6,720.0**	**4,755.8**	**71%**	**5,200.0**	**5,035.6**	**97%**
Ministry of Civil Aviation	6,720.0	4,755.8	71%	5,200.0	5,035.6	97%
MINISTRY OF COAL	**550.0**	**327.7**	**60%**	**450.0**	**395.3**	**88%**
Ministry of Coal	550.0	327.7	60%	450.0	395.3	88%
MINISTRY OF COMMERCE AND INDUSTRY	**3,926.0**	**1,762.2**	**45%**	**3,727.0**	**1,604.0**	**43%**
Department of Commerce	2,226.0	1,069.5	48%	2,226.0	1,180.4	53%
Department of Industrial Policy & Promotion	1,700.0	692.7	41%	1,501.0	423.7	28%
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY	**12,115.0**	**3,048.5**	**25%**	**9,600.0**	**3,343.6**	**35%**
Department of Posts	800.0	67.2	8%	800.0	98.2	12%
Department of Telecommunications						
Gross	11,037.0	1,366.6	12%	8,800.0	3,718.6	42%
Less : Recoveries	3,537.0	53.6	2%	3,000.0	1,764.8	59%
Net	7,500.0	1,313.0	18%	5,800.0	1,953.8	34%
Department of Electronics and Information Technology	3,815.0	1,668.3	44%	3,000.0	1,291.6	43%
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION	**550.0**	**123.5**	**22%**	**500.0**	**200.2**	**40%**
Department of Consumer Affairs	220.0	37.5	17%	241.0	77.7	32%
Department of Food and Public Distibution	330.0	86.0	26%	259.0	122.5	47%
MINISTRY OF CORPORATE AFFAIRS	**24.0**	**10.2**	**42%**	**34.0**	**8.1**	**24%**
Ministry of Corporate Affairs	24.0	10.2	42%	34.0	8.1	24%
MINISTRY OF CULTURE	**1,835.0**	**943.9**	**51%**	**1,435.0**	**798.4**	**56%**

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Ministry of Culture	1,835.0	943.9	51%	1,435.0	798.4	56%
MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION	**2,306.0**	**558.3**	**24%**	**2,006.0**	**960.9**	**48%**
Ministry of Development of North Eastern Region						
Gross	2,476.0	576.2	23%	2,176.0	999.1	46%
Less : Recoveries	170.0	17.8	10%	170.0	38.2	22%
Net	2,306.0	558.3	24%	2,006.0	960.9	48%
MINISTRY OF DRINKING WATER AND SANITATION	**15,260.0**	**4,471.6**	**29%**	**15,260.0**	**4,942.6**	**32%**
Ministry of Drinking Water and Sanitation	15,260.0	4,471.6	29%	15,260.0	4,942.6	32%
MINISTRY OF EARTH SCIENCES	**1,281.0**	**495.0**	**39%**	**1,281.0**	**528.1**	**41%**
Ministry of Earth Sciences	1,281.0	495.0	39%	1,281.0	528.1	41%
MINISTRY OF ENVIRONMENT AND FORESTS	**2,043.0**	**804.3**	**39%**	**2,430.0**	**907.1**	**37%**
Ministry of Environment and Forests	2,043.0	804.3	39%	2,430.0	907.1	37%
MINISTRY OF EXTERNAL AFFAIRS	**5,100.0**	**2,191.8**	**43%**	**3,000.0**	**1,669.1**	**56%**
Ministry of External Affairs	5,100.0	2,191.8	43%	3,000.0	1,669.1	56%
MINISTRY OF FINANCE	**96,367.0**	**34,106.9**	**35%**	**1,23,089.0**	**38,658.4**	**31%**
Department of Economic Affairs						
Gross	11,427.0	3,233.1	28%	5,142.5	1,749.3	34%
Less : Recoveries	1,496.0	374.0	25%	1,102.5	551.2	50%
Net	9,931.0	2,859.1	29%	4,040.0	1,198.1	30%
Department of Financial Services						
Gross	25,300.0	1,550.0	6%	30,088.0	1,828.0	6%
Less : Recoveries	11,200.0	-	-	14,000.0	-	-
Net	14,100.0	1,550.0	11%	16,088.0	1,828.0	11%
Transfers to State and UT Governments	72,332.0	29,695.8	41%	1,02,957.0	35,631.3	35%
Department of Expenditure	4.0	2.0	50%	4.0	1.0	25%
MINISTRY OF FOOD PROCESSING INDUSTRIES	**770.0**	**456.0**	**59%**	**708.0**	**366.1**	**52%**
Ministry of Food Processing Industries	770.0	456.0	59%	708.0	366.1	52%
MINISTRY OF HEALTH AND FAMILY WELFARE	**34,225.0**	**14,483.5**	**42%**	**32,745.0**	**15,593.8**	**48%**
Department of Health and Family Welfare	30,645.0	13,122.8	43%	29,165.0	14,078.6	48%
Department of Ayurveda, Yoga & Naturopathy,Unani, Siddha and Homoeopathy (AYUSH)	1,069.0	233.6	22%	1,069.0	347.5	33%
Department of Health Research	726.0	394.3	54%	726.0	395.6	54%
Department of AIDS Control	1,785.0	732.9	41%	1,785.0	772.0	43%
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES	**809.0**	**196.5**	**24%**	**595.0**	**443.1**	**74%**
Department of Heavy Industry	800.0	194.3	24%	585.0	439.6	75%
Department of Public Enterprises	9.0	2.2	24%	10.0	3.6	36%
MINISTRY OF HOME AFFAIRS	**12,678.0**	**4,590.0**	**36%**	**12,247.8**	**3,701.0**	**30%**
Ministry of Home Affairs	794.0	237.6	30%	1,361.0	96.3	7%
Police						
Gross	10,577.0	3,840.0	36%	26,085.2	2,795.1	11%
Less : Recoveries	150.0	-	-	17,424.2	-	-
Net	10,427.0	3,840.0	37%	8,661.0	2,795.1	32%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Other Expenditure of the Ministry of Home Affairs	318.0	36.9	12%	478.0	224.8	47%
Transfers to UT Governments	1,139.0	475.5	42%	1,747.8	584.8	33%
MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION	**6,000.0**	**1,714.0**	**29%**	**1,460.0**	**512.3**	**35%**
Ministry of Housing and Urban Poverty Alleviation	6,000.0	1,714.0	29%	1,460.0	512.3	35%
MINISTRY OF HUMAN RESOURCE DEVELOPMENT	**68,728.0**	**28,091.2**	**41%**	**65,857.0**	**32,622.0**	**50%**
Department of School Education and Literacy						
Gross	79,408.0	21,703.2	27%	74,088.0	26,185.0	35%
Less : Rec. (prarambik shiksha kosh/National Inv. Fund)	27,580.0	-	-	24,429.0	-	-
Net	51,828.0	21,703.2	42%	49,659.0	26,185.0	53%
Department of Higher Education	16,900.0	6,388.0	38%	16,198.0	6,436.9	40%
MINISTRY OF INFORMATION AND BROADCASTING	**1,005.0**	**487.3**	**48%**	**905.0**	**441.5**	**49%**
Ministry of Information and Broadcasting	1,005.0	487.3	48%	905.0	441.5	49%
MINISTRY OF LABOUR AND EMPLOYMENT	**2,448.6**	**562.7**	**23%**	**2,446.1**	**772.4**	**32%**
Ministry of Labour and Employment	2,448.6	562.7	23%	2,446.1	772.4	32%
MINISTRY OF LAW AND JUSTICE	**1,103.0**	**372.8**	**34%**	**1,103.0**	**644.5**	**58%**
Law and Justice	1,103.0	372.8	34%	1,103.0	644.5	58%
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISE	**3,327.0**	**795.4**	**24%**	**2,977.0**	**1,323.7**	**44%**
Ministry of Micro, Small and Medium Enterprises	3,327.0	795.4	24%	2,977.0	1,323.7	44%
MINISTRY OF MINES	**567.0**	**172.8**	**30%**	**454.0**	**406.9**	**90%**
Ministry of Mines	567.0	172.8	30%	454.0	406.9	90%
MINISTRY OF MINORITY AFFAIRS	**3,711.0**	**1,536.2**	**41%**	**3,511.0**	**1,162.5**	**33%**
Ministry of Minority Affairs	3,711.0	1,536.2	41%	3,511.0	1,162.5	33%
MINISTRY OF NEW AND RENEWABLE ENERGY	**941.0**	**1,102.0**	**117%**	**1,519.0**	**787.6**	**52%**
Ministry of New and Renewable Energy						
Gross	2,519.0	1,106.6	44%	1,519.0	787.6	52%
Less : Recoveries	1,578.0	4.7	0%	-	-	-
Net	941.0	1,102.0	117%	1,519.0	787.6	52%
MINISTRY OF OVERSEAS INDIAN AFFAIRS	**20.0**	**-**	**-**	**-**	**-**	**-**
Ministry of Overseas Indian Affairs	20.0	-	-	-	-	-
MINISTRY OF PANCHAYATI RAJ	**7,000.0**	**1,960.5**	**28%**	**7,000.0**	**1,279.2**	**18%**
Ministry of Panchayati Raj	7,000.0	1,960.5	28%	7,000.0	1,279.2	18%
MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES & PENSIONS	**279.0**	**87.9**	**32%**	**279.0**	**96.1**	**34%**
Ministry of Personnel, Public Grievances and Pensions	279.0	87.9	32%	279.0	96.1	34%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF PETROLEUM AND NATURAL GAS	**43.0**	**-**	**-**	**43.0**	**-**	**-**
Ministry of Petroleum and Natural Gas	43.0	-	-	43.0	-	-
MINISTRY OF PLANNING	**2,515.0**	**767.7**	**31%**	**8,000.0**	**711.6**	**9%**
Ministry of Planning	2,515.0	767.7	31%	8,000.0	711.6	9%
MINISTRY OF POWER	**9,642.0**	**3,181.9**	**33%**	**9,642.0**	**2,589.2**	**27%**
Ministry of Power						
Gross	10,558.0	3,257.1	31%	10,116.0	2,664.5	26%
Less : Recoveries	916.0	75.2	8%	474.0	75.3	16%
Net	9,642.0	3,181.9	33%	9,642.0	2,589.2	27%
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS	**28,881.0**	**19,125.0**	**66%**	**25,859.9**	**11,347.9**	**44%**
Ministry of Road Transport and Highways						
Gross	51,481.4	28,923.1	56%	43,284.1	19,389.8	45%
Less : Recoveries (Central Road fund & Bridge fee fund)	22,600.4	9,798.1	43%	17,424.2	8,041.9	46%
Net	28,881.0	19,125.0	66%	25,859.9	11,347.9	44%
MINISTRY OF RURAL DEVELOPMENT	**83,793.0**	**45,049.8**	**54%**	**80,194.0**	**39,430.5**	**49%**
Department of Rural Development						
Gross	1,18,192.2	43,102.6	36%	1,13,256.2	37,695.1	33%
Less : Recoveries (National Emp. Gur fund/CR fund)	38,149.2	-	-	38,827.2	-	-
Net	80,043.0	43,102.6	54%	74,429.0	37,695.1	51%
Department of Land Resources	3,750.0	1,947.2	52%	5,765.0	1,735.4	30%
MINISTRY OF SCIENCE AND TECHNOLOGY	**6,725.0**	**3,420.1**	**51%**	**6,275.0**	**3,473.3**	**55%**
Department of Science and Technology	3,125.0	1,694.6	54%	2,777.0	1,768.9	64%
Department of Scientific and Industrial Research	2,100.0	1,003.0	48%	2,013.0	903.5	45%
Department of Bio-Technology	1,500.0	722.6	48%	1,485.0	800.8	54%
MINISTRY OF SHIPPING	**899.0**	**127.1**	**14%**	**846.0**	**165.5**	**20%**
Ministry of Shipping	899.0	127.1	14%	846.0	165.5	20%
MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT	**6,165.0**	**2,655.9**	**43%**	**6,625.0**	**1,105.8**	**17%**
Ministry of Social Justice & Empowerment	6,165.0	2,655.9	43%	6,625.0	1,105.8	17%
DEPARTMENT OF DISABILITY AFFAIRS	**565.0**	**156.8**	**28%**	**-**	**-**	**-**
Department of Disability Affairs	565.0	156.8	28%	-	-	-
DEPARTMENT OF SPACE	**6,000.0**	**2,782.5**	**46%**	**5,615.0**	**2,018.4**	**36%**
Department of Space						
Gross	6,000.0	2,782.5	46%	5,615.0	2,018.8	36%
Less : Recoveries	0.0	-	-	0.0	0.4	
Net	6,000.0	2,782.5	46%	5,615.0	2,018.4	36%
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION	**4,478.0**	**1,285.5**	**29%**	**4,586.0**	**2,127.5**	**46%**
Ministry of Statistics and Programme Implementation	4,478.0	1,285.5	29%	4,586.0	2,127.5	46%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF STEEL	**20.0**	**0.7**	**3%**	**46.0**	**-**	**-**
Ministry of Steel	20.0	0.7	3%	46.0	-	-
MINISTRY OF TEXTILES	**4,831.0**	**1,893.3**	**39%**	**4,631.0**	**1,869.8**	**40%**
Ministry of Textiles	4,831.0	1,893.3	39%	4,631.0	1,869.8	40%
MINISTRY OF TOURISM	**1,882.0**	**262.1**	**14%**	**1,282.0**	**530.9**	**41%**
Ministry of Tourism	1,882.0	262.1	14%	1,282.0	530.9	41%
MINISTRY OF TRIBAL AFFAIRS	**4,479.0**	**2,229.5**	**50%**	**4,279.0**	**2,141.0**	**50%**
Ministry of Tribal Affairs	4,479.0	2,229.5	50%	4,279.0	2,141.0	50%
U.T.s WITHOUT LEGISLATURE	**4,737.0**	**1,825.6**	**39%**	**4,483.3**	**1,958.5**	**44%**
Andaman & Nicobar Islands	2,100.0	828.9	39%	1,862.5	856.8	46%
Chandigarh	813.0	253.3	31%	876.1	204.0	23%
Dadra & Nagar Haveli	703.0	382.8	54%	672.4	425.3	63%
Daman & Diu	657.0	233.7	36%	630.1	318.7	51%
Lakshadweep	464.0	126.9	27%	442.3	153.6	35%
MINISTRY OF URBAN DEVELOPMENT	**16,984.4**	**5,532.0**	**33%**	**7,566.9**	**3,042.8**	**40%**
Department of Urban Development	16,508.1	5,437.8	33%	7,312.5	2,978.5	41%
Public Works	476.3	94.2	20%	254.4	64.3	25%
MINISTRY OF WATER RESOURCES	**13,237.0**	**854.4**	**6%**	**1,500.0**	**281.9**	**19%**
Ministry of Water Resources						
Gross	14,762.0	866.5	6%	1,512.0	289.3	19%
Less : Recoveries	1,525.0	12.1	1%	12.0	7.4	61%
Net	13,237.0	854.4	6%	1,500.0	281.9	19%
MINISTRY OF WOMEN AND CHILD DEVELOPMENT	**21,100.0**	**12,618.1**	**60%**	**20,350.0**	**13,155.6**	**65%**
Ministry of Women and Child Development	21,100.0	12,618.1	60%	20,350.0	13,155.6	65%
MINISTRY OF YOUTH AFFAIRS & SPORTS	**1,643.0**	**524.7**	**32%**	**1,093.0**	**577.6**	**53%**
Ministry of Youth Affairs and Sports	1,643.0	524.7	32%	1,093.0	577.6	53%
RAILWAYS	**30,100.0**	**15,050.0**	**50%**	**26,000.0**	**13,000.0**	**50%**
Gross		17,158.7			17,682.2	
Less : Exp.met from Receipts		3.3			11.2	
Exp. Met from Reserve Funds		2,105.3			4,671.0	
Net	30,100.0	15,050.0	50%	26,000.0	13,000.0	50%
GRAND TOTAL	***5,75,000.0***	***2,46,288.9***	***43%***	***5,55,322.0***	***2,36,116.0***	***43%***

Annex continued

9. NON-PLAN EXPENDITURE

(₹ in crore)

MINISTRY / DEPARTMENT	2014-2015 BE	2014-2015 ACTUALS upto 09/2014	2014-2015 %	2013-2014 BE	2013-2014 ACTUALS upto 09/2013	2013-2014 %
(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF AGRICULTURE	**2,864.9**	**1,654.9**	**58%**	**2,723.8**	**1,522.7**	**56%**
Department of Agriculture and Cooperation	343.3	162.4	47%	324.5	114.4	35%
Department of Agricultural Research and Education	2,429.4	1,412.6	58%	2,314.2	1,346.9	58%
Department of Animal Husbandry, Dairying and Fisheries						
Gross	*572.3*	*261.7*	*46%*	*536.2*	*220.8*	*41%*
Less : Receipts	*480.0*	*181.9*	*38%*	*451.1*	*159.4*	*35%*
Net	*92.3*	*79.8*	*86%*	*85.2*	*61.4*	*72%*
DEPARTMENT OF ATOMIC ENERGY	**4,566.6**	**2,780.2**	**61%**	**3,953.3**	**2,573.4**	**65%**
Atomic Energy						
Gross	*6,339.4*	*3,526.6*	*56%*	*5,585.8*	*3,166.9*	*57%*
Less : Receipts	*2,264.9*	*802.4*	*35%*	*2,102.8*	*816.6*	*39%*
Recoveries	*247.5*	*69.7*	*28%*	*197.2*	*61.4*	*31%*
Net	*3,827.0*	*2,654.5*	*69%*	*3,285.8*	*2,288.9*	*70%*
Nuclear Power Schemes						
Gross	*3,927.5*	*2,001.3*	*51%*	*3,524.7*	*1,974.9*	*56%*
Less : Receipts	*3,187.9*	*1,875.7*	*59%*	*2,857.1*	*1,690.4*	*59%*
Net	*739.6*	*125.7*	*17%*	*667.5*	*284.5*	*43%*
MINISTRY OF CHEMICALS AND FERTILISERS	**73,104.6**	**48,758.5**	**67%**	**66,183.3**	**45,737.0**	**69%**
Department of Chemicals and Petrochemicals	63.7	20.1	32%	143.0	26.3	18%
Department of Fertilisers						
Gross	*77,100.0*	*49,758.4*	*65%*	*70,614.2*	*46,771.5*	*66%*
Less : Recoveries	*4,100.0*	*1,038.2*	*25%*	*4,614.2*	*1,080.4*	*23%*
Net	*73,000.0*	*48,720.2*	*67%*	*66,000.0*	*45,691.1*	*69%*
Department of Pharmaceuticals	40.9	18.2	45%	40.3	19.6	49%
MINISTRY OF CIVIL AVIATION	**658.0**	**236.9**	**36%**	**682.2**	**224.1**	**33%**
Ministry of Civil Aviation						
Gross	*658.0*	*237.0*	*36%*	*682.2*	*224.1*	*33%*
Less : Recoveries	-	-	-	-	-	-
Net	*658.0*	*236.9*	*36%*	*682.2*	*224.1*	*33%*
MINISTRY OF COAL	**50.0**	**459.9**	**920%**	**47.7**	**29.7**	**62%**
Ministry of Coal						
Gross	*1,697.0*	*459.9*	*27%*	*97.7*	*71.2*	*73%*
Less : Recoveries	*1,647.0*	-	-	*50.0*	*41.5*	*83%*
Net	*50.0*	*459.9*	*920%*	*47.7*	*29.7*	*62%*
MINISTRY OF COMMERCE AND INDUSTRY	**3,873.0**	**1,753.7**	**45%**	**3,380.3**	**2,170.5**	**64%**
Department of Commerce						
Gross	*3,631.0*	*1,629.3*	*45%*	*3,171.3*	*2,058.0*	*65%*
Less : Recoveries	*3.0*	*4.1*	*136%*	*6.3*	*1.6*	*26%*
Net	*3,628.0*	*1,625.3*	*45%*	*3,165.0*	*2,056.3*	*65%*

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Department of Industrial Policy and Promotion	245.0	128.4	52%	215.3	114.2	53%
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY	**14,054.9**	**10,338.9**	**74%**	**12,682.2**	**8,717.3**	**69%**
Department of Posts						
Gross	*17,859.9*	*9,061.6*	*51%*	*16,509.5*	*8,050.9*	*49%*
Less : Receipts	*10,281.9*	*2,370.3*	*23%*	*9,101.8*	*2,233.1*	*25%*
Recoveries	*665.2*	*9.9*	*1%*	*680.6*	*19.6*	*3%*
Net	*6,912.8*	*6,681.5*	*97%*	*6,727.1*	*5,798.3*	*86%*
Department of Telecommunications	7,028.1	3,563.1	51%	5,903.1	2,886.5	49%
Department of Electronics and Information Technology	114.1	94.3	83%	52.0	32.6	63%
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION	**1,15,402.6**	**74,514.5**	**65%**	**91,091.5**	**68,962.6**	**76%**
Department of Consumer Affairs						
Gross	*90.8*	*43.1*	*47%*	*361.7*	*169.7*	*47%*
Less :Recoveries	*15.0*	*-*	*-*	*45.8*	*-*	*-*
Net	*75.8*	*43.1*	*57%*	*315.9*	*169.7*	*54%*
Department of Food & Public Distribution						
Gross	*1,25,954.3*	*74,677.0*	*59%*	*1,01,469.6*	*69,168.0*	*68%*
Less: Receipts	*10,000.0*	*-*	*-*	*10,000.0*	*-*	*-*
Recoveries	*627.5*	*205.6*	*33%*	*694.1*	*375.1*	*54%*
Net	*1,15,326.8*	*74,471.4*	*65%*	*90,775.6*	*68,792.9*	*76%*
MINISTRY OF CORPORATE AFFAIRS	**231.3**	**121.2**	**52%**	**221.3**	**107.8**	**49%**
Ministry of Corporate Affairs	231.3	121.2	52%	221.3	107.8	49%
MINISTRY OF CULTURE	**676.0**	**376.4**	**56%**	**627.0**	**360.9**	**58%**
Ministry of Culture	676.0	376.4	56%	627.0	360.9	58%
MINISTRY OF DEFENCE	**2,85,202.9**	**1,33,394.3**	**47%**	**2,53,345.9**	**1,26,482.1**	**50%**
Ministry of Defence						
Gross	*16,577.9*	*7,624.4*	*46%*	*17,293.8*	*6,435.2*	*37%*
Less : Receipts	*11,375.0*	*5,335.4*	*47%*	*12,120.0*	*4,352.7*	*36%*
Net	*5,202.9*	*2,289.1*	*44%*	*5,173.8*	*2,082.6*	*40%*
Defence Pensions	51,000.0	29,084.3	57%	44,500.0	20,423.7	46%
DEFENCE SERVICES	**2,29,000.0**	**1,02,020.9**	**45%**	**2,03,672.1**	**1,03,975.8**	**51%**
Defence Services - Army						
Gross	*95,337.8*	*49,987.3*	*52%*	*83,935.3*	*44,174.0*	*53%*
Less : Receipts	*2,623.5*	*866.3*	*33%*	*2,055.3*	*710.8*	*35%*
Recoveries	*45.0*	*-*	*-*	*46.1*	*-*	*-*
Net	*92,669.3*	*49,121.1*	*53%*	*81,833.9*	*43,463.2*	*53%*
Defence Services - Navy						
Gross	*14,175.8*	*6,231.7*	*44%*	*12,394.4*	*5,755.3*	*46%*
Less : Receipts	*200.0*	*429.9*	*215%*	*200.0*	*91.2*	*46%*
Net	*13,975.8*	*5,801.7*	*42%*	*12,194.4*	*5,664.0*	*46%*
Defence Services - Air Force						
Gross	*21,206.8*	*10,003.9*	*47%*	*18,900.4*	*9,458.2*	*50%*
Less : Receipts	*700.0*	*2,287.9*	*327%*	*605.3*	*577.9*	*95%*
Net	*20,506.8*	*7,715.9*	*38%*	*18,295.1*	*8,880.3*	*49%*
Defence Ordnance Factories						
Gross	*14,316.7*	*2,759.2*	*19%*	*1,714.5*	*3,804.5*	*222%*
Less : Receipts	*1,660.5*	*606.8*	*37%*	*2,059.1*	*565.6*	*27%*
Recoveries	*11,380.8*	*-*	*-*	*600.0*	*-*	*-*
Net	*1,275.4*	*2,152.4*	*169%*	*-944.6*	*3,238.9*	*-343%*

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Defence Services - Research and Development						
Gross	*6,039.7*	*2,713.7*	*45%*	*5,597.6*	*2,468.6*	*44%*
Less : Receipts	*55.0*	*29.4*	*54%*	*45.0*	*25.3*	*56%*
Net	*5,984.7*	*2,684.2*	*45%*	*5,552.6*	*2,443.4*	*44%*
Capital Outlay on Defence Services	94,588.0	34,545.6	37%	86,740.7	40,286.0	46%
MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION	**26.8**	**15.6**	**58%**	**25.0**	**15.1**	**61%**
Ministry of Development of North Eastern Region	26.8	15.6	58%	25.0	15.1	61%
MINISTRY OF DRINKING WATER AND SANITATION	**6.9**	**4.0**	**59%**	**5.7**	**3.6**	**64%**
Ministry of Drinking Water and Sanitation	6.9	4.0	59%	5.7	3.6	64%
MINISTRY OF EARTH SCIENCES	**418.0**	**220.2**	**53%**	**409.0**	**203.7**	**50%**
Ministry of Earth Sciences						
Gross	*421.2*	*220.7*	*52%*	*412.7*	*205.0*	*50%*
Less :Recoveries	*3.2*	*0.5*	*14%*	*3.7*	*1.2*	*33%*
Net	*418.0*	*220.2*	*53%*	*409.0*	*203.7*	*50%*
MINISTRY OF ENVIRONMENT AND FORESTS	**213.0**	**146.4**	**69%**	**200.2**	**103.5**	**52%**
Ministry of Environment and Forests						
Gross	*467.5*	*151.1*	*32%*	*454.7*	*205.5*	*45%*
Less :Receipt	*254.5*	*4.7*	*2%*	*254.5*	*101.9*	*40%*
Net	*213.0*	*146.4*	*69%*	*200.2*	*103.5*	*52%*
MINISTRY OF EXTERNAL AFFAIRS	**9,630.4**	**4,768.4**	**50%**	**8,719.0**	**4,413.1**	**51%**
Ministry of External Affairs	9,630.4	4,768.4	50%	8,719.0	4,413.1	51%
MINISTRY OF FINANCE	**5,44,037.2**	**2,31,306.4**	**43%**	**5,07,116.9**	**2,05,840.0**	**41%**
Department of Economic Affairs						
Gross	*10,565.9*	*3,987.7*	*38%*	*70,131.6*	*2,534.1*	*4%*
Less :Recoveries	*2,002.5*	*391.8*	*20%*	*2,145.0*	*300.4*	*14%*
Receipts	*1,688.3*	*1,647.5*	*98%*	*42,149.2*	*799.7*	*2%*
Net	*6,875.1*	*1,948.4*	*28%*	*25,837.4*	*1,433.9*	*6%*
Department of Financial Services	7,536.1	4,003.0	53%	7,281.4	4,598.6	63%
Interest Payments						
Gross	*4,49,882.7*	*1,93,710.4*	*43%*	*3,85,000.5*	*1,75,675.9*	*46%*
Less : Receipts	*22,871.3*	*8,040.3*	*35%*	*14,316.0*	*15,648.9*	*109%*
Net	*4,27,011.4*	*1,85,670.1*	*43%*	*3,70,684.5*	*1,60,027.0*	*43%*
Transfers to State and UT Governments						
Gross	*76,100.0*	*22,599.2*	*30%*	*73,059.4*	*26,188.0*	*36%*
Less : Receipts	*6,050.0*	*2,012.5*	*33%*	*5,800.0*	*1,872.0*	*32%*
Recoveries	*5,050.0*	*310.1*	*6%*	*4,800.0*	*1,022.6*	*21%*
Net	*65,000.0*	*20,276.7*	*31%*	*62,459.4*	*23,293.4*	*37%*
Loans to Govt. Servants etc.						
Gross	*200.0*	*51.6*	*26%*	*225.0*	*70.4*	*31%*
Less : Receipts	*375.0*	*160.7*	*43%*	*400.0*	*182.1*	*46%*
Net	*-175.0*	*-109.1*	*62%*	*-175.0*	*-111.7*	*64%*
Repayment of Debt						
Gross (Excluding MSS)	*40,64,025.0*	*18,03,687.8*	*44%*	*40,14,248.6*	*17,92,654.1*	*45%*
Less : Receipts	*40,64,025.0*	*18,03,687.8*	*44%*	*40,14,248.6*	*17,92,654.1*	*45%*
Net	-	-		-	-	

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Department of Expenditure	151.9	65.4	43%	136.1	62.7	46%
Pensions						
Gross	*24,778.0*	*13,451.5*	*54%*	*21,049.0*	*10,767.4*	*51%*
Less : Receipts	*1,000.0*	*-*	*-*	*1,000.0*	*-*	*-*
Net	*23,778.0*	*13,451.5*	*57%*	*20,049.0*	*10,767.4*	*54%*
Indian Audit and Accounts Department						
Gross	*3,337.1*	*1,625.6*	*49%*	*2,804.5*	*1,519.1*	*54%*
Less :Recoveries	*213.5*	*56.0*	*26%*	*180.7*	*42.2*	*23%*
Net	*3,123.6*	*1,569.6*	*50%*	*2,623.9*	*1,476.9*	*56%*
Department of Revenue						
Gross	*832.9*	*265.8*	*32%*	*10,217.9*	*275.5*	*3%*
Less : Receipts	*339.0*	*105.9*	*31%*	*347.7*	*142.9*	*41%*
Recoveries	*56.0*	*0.6*	*1%*	*52.1*	*0.5*	*1%*
Net	*437.9*	*159.2*	*36%*	*9,818.1*	*132.1*	*1%*
Direct Taxes						
Gross	*5,094.9*	*2,065.5*	*41%*	*4,361.9*	*2,177.9*	*50%*
Less :Recoveries	*2.0*	*22.1*	*1107%*	*2.0*	*5.7*	*287%*
Net	*5,092.9*	*2,043.4*	*40%*	*4,359.9*	*2,172.1*	*50%*
Indirect Taxes						
Gross	*5,155.8*	*2,216.3*	*43%*	*3,979.5*	*1,977.8*	*50%*
Less : Recoveries	*0.5*	*1.4*	*278%*	*0.5*	*0.4*	*72%*
Net	*5,155.3*	*2,215.0*	*43%*	*3,979.0*	*1,977.4*	*50%*
Department of Disinvestment	50.0	13.2	26%	63.2	10.2	16%
MINISTRY OF FOOD PROCESSING INDUSTRIES	**15.9**	**7.9**	**50%**	**11.1**	**6.4**	**57%**
Ministry of Food Processing Industries	15.9	7.9	50%	11.1	6.4	57%
MINISTRY OF HEALTH AND FAMILY WELFARE	**5,012.8**	**3,897.3**	**78%**	**4,585.0**	**2,422.7**	**53%**
Department of Health and Family Welfare						
Gross	*7,800.8*	*3,928.8*	*50%*	*6,709.9*	*3,033.1*	*45%*
Less :Recoveries	*3,282.8*	*318.0*	*10%*	*2,596.9*	*881.3*	*34%*
Net	*4,518.0*	*3,610.8*	*80%*	*4,113.0*	*2,151.8*	*52%*
Department of Ayurveda, Yoga & Naturopathy,Unani, Siddha and Homoeopathy (Ayush)	203.2	75.0	37%	190.0	66.9	35%
Department of Health Research	291.7	211.5	73%	282.0	204.0	72%
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES	**453.4**	**34.9**	**8%**	**453.4**	**232.7**	**51%**
Department of Heavy Industry	443.6	28.9	7%	444.0	228.3	51%
Department of Public Enterprises	9.8	5.9	60%	9.4	4.5	48%
MINISTRY OF HOME AFFAIRS	**53,067.3**	**29,262.9**	**55%**	**46,993.8**	**26,046.1**	**55%**
Ministry of Home Affairs	850.7	359.3	42%	812.9	408.5	50%
Cabinet	433.5	116.2	27%	403.0	109.8	27%
Police						
Gross	*49,326.8*	*27,691.7*	*56%*	*43,843.8*	*24,590.4*	*56%*
Less :Recoveries	*303.0*	*138.7*	*46%*	*240.0*	*110.6*	*46%*
Net	*49,023.8*	*27,553.0*	*56%*	*43,603.8*	*24,479.7*	*56%*
Other Expenditure of the Ministry of Home Affairs	2,171.8	941.9	43%	1,587.2	804.3	51%
Transfers to UT Govts.	587.5	292.5	50%	587.0	243.8	42%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION	**8.6**	**4.8**	**55%**	**8.0**	**4.5**	**56%**
Ministry of Housing and Urban Poverty Alleviation	8.6	4.8	55%	8.0	4.5	56%
MINSTRY OF HUMAN RESOURCE DEVELOPMENT	**14,043.1**	**6,500.2**	**46%**	**13,594.0**	**7,134.9**	**52%**
Department of School Education and Literacy	3,287.1	1,596.2	49%	3,042.0	1,575.6	52%
Department of Higher Education	10,756.0	4,904.0	46%	10,552.0	5,559.3	53%
MINISTRY OF INFORMATION AND BROADCASTING	**2,311.0**	**1,650.6**	**71%**	**2,130.7**	**1,502.8**	**71%**
Ministry of Information and Broadcasting	2,311.0	1,650.6	71%	2,130.7	1,502.8	71%
MINISTRY OF LABOUR AND EMPLOYMENT	**3,159.7**	**2,597.7**	**82%**	**2,635.1**	**2,204.6**	**84%**
Ministry of Labour and Employment						
Gross	*3,354.7*	*2,597.7*	*77%*	*2,828.3*	*2,242.2*	*79%*
Less : Recoveries	*195.0*	*0.0*	*0%*	*193.2*	*37.6*	*19%*
Net	*3,159.7*	*2,597.7*	*82%*	*2,635.1*	*2,204.6*	*84%*
MINISTRY OF LAW AND JUSTICE	**1,147.6**	**578.5**	**50%**	**910.4**	**528.9**	**58%**
Election Commission	69.0	39.7	58%	68.5	32.2	47%
Law and Justice	944.3	455.0	48%	712.5	424.8	60%
Supreme Court of India	134.4	83.8	62%	129.4	71.8	56%
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES	**375.3**	**182.8**	**49%**	**312.7**	**151.1**	**48%**
Ministry of Micro, Small and Medium Enterprises	375.3	182.8	49%	312.7	151.1	48%
MINISTRY OF MINES	**537.3**	**306.0**	**57%**	**537.1**	**275.9**	**51%**
Ministry of Mines	537.3	306.0	57%	537.1	275.9	51%
MINISTRY OF MINORITY AFFAIRS	**23.0**	**9.4**	**41%**	**20.0**	**9.2**	**46%**
Ministry of Minority Affairs	23.0	9.4	41%	20.0	9.2	46%
MINISTRY OF NEW AND RENEWABLE ENERGY	**15.4**	**7.5**	**49%**	**14.6**	**6.8**	**46%**
Ministry of New and Renewable Energy	15.4	7.5	49%	14.6	6.8	46%
MINISTRY OF OVERSEAS INDIANS AFFAIRS	**129.0**	**28.9**	**22%**	**115.8**	**36.6**	**32%**
Ministry of Overseas Indians Affairs	129.0	28.9	22%	115.8	36.6	32%
MINISTRY OF PANCHAYATI RAJ	**0.7**	**0.2**	**33%**	**0.7**	**0.3**	**43%**
Ministry of Panchayati Raj	0.7	0.2	33%	0.7	0.3	43%
MINISTRY OF PARLIAMENTARY AFFAIRS	**14.4**	**7.0**	**49%**	**13.3**	**5.8**	**43%**
Ministry of Parliamentary Affairs	14.4	7.0	49%	13.3	5.8	43%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES & PENSIONS	**791.4**	**414.2**	**52%**	**740.9**	**389.0**	**52%**
Ministry of Personnel, Public Grievances and Pensions	791.4	414.2	52%	740.9	389.0	52%
CENTRAL VIGILANCE COMMISSION	**20.4**	**11.8**	**58%**	**-**	**-**	**-**
Central Vigilance Commission	20.4	11.8	58%	-	-	-
MINISTRY OF PETROLEUM AND NATURAL GAS	**63,500.0**	**48,814.7**	**77%**	**65,145.4**	**54,286.9**	**83%**
Ministry of Petroleum and Natural Gas	63,500.0	48,814.7	77%	65,145.4	54,286.9	83%
MINISTRY OF PLANNING	**91.9**	**48.6**	**53%**	**81.5**	**42.8**	**52%**
Ministry of Planning	91.9	48.6	53%	81.5	42.8	52%
MINISTRY OF POWER	**-98.1**	**67.7**	**-69%**	**431.1**	**593.5**	**138%**
Ministry of Power						
Gross	*166.8*	*77.8*	*47%*	*707.9*	*607.1*	*86%*
Less : Receipts	*224.6*	*-*	*-*	*240.6*	*-*	*-*
Recoveries	*40.3*	*10.2*	*25%*	*36.2*	*13.6*	*38%*
Net	*-98.1*	*67.7*	*-69%*	*431.1*	*593.5*	*138%*
THE PRESIDENT, PARLIAMENT, UNION PUBLIC SERVICE COMMISSION AND THE SECRETARIAT OF THE VICE-PRESIDENT	**1,094.4**	**490.6**	**45%**	**1,033.5**	**498.5**	**48%**
Staff, Household and Allowances of the President	38.3	20.6	54%	34.5	19.6	57%
Lok Sabha	562.9	216.6	38%	536.0	246.7	46%
Rajya Sabha	318.6	140.0	44%	301.3	139.3	46%
Union Public Service Commission	170.8	111.3	65%	157.9	91.2	58%
Secretariat of the Vice-President	3.8	2.1	54%	3.8	1.7	46%
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS	**5,464.2**	**1,963.0**	**36%**	**5,442.2**	**1,527.8**	**28%**
Ministry of Road Transport and Highways						
Gross	*5,564.2*	*1,993.8*	*36%*	*5,582.2*	*1,553.9*	*28%*
Less : Recoveries	*100.0*	*30.8*	*31%*	*140.0*	*26.1*	*19%*
Net	*5,464.2*	*1,963.0*	*36%*	*5,442.2*	*1,527.8*	*28%*
MINISTRY OF RURAL DEVELOPMENT	**59.5**	**27.1**	**46%**	**56.5**	**27.3**	**48%**
Department of Rural Development	50.3	21.9	44%	48.7	22.7	47%
Department of Land Resources	9.1	5.2	57%	7.9	4.5	58%
MINISTRY OF SCIENCE AND TECHNOLOGY	**2,043.4**	**1,037.0**	**51%**	**1,982.3**	**1,005.3**	**51%**
Department of Science and Technology						
Gross	*442.1*	*226.7*	*51%*	*418.4*	*222.9*	*53%*
Less : Recoveries	*23.1*	*2.6*	*11%*	*11.1*	*5.2*	*47%*
Net	*419.0*	*224.1*	*53%*	*407.3*	*217.7*	*53%*
Department of Scientific and Industrial Research	1,607.2	803.6	50%	1,558.0	778.4	50%
Department of Biotechnology	17.2	9.3	54%	17.1	9.2	54%
MINISTRY OF SHIPPING	**509.7**	**437.6**	**86%**	**866.7**	**467.5**	**54%**
Ministry of Shipping						
Gross	*875.7*	*521.1*	*60%*	*1,204.7*	*590.1*	*49%*
Less : Receipts	*240.0*	*82.1*	*34%*	*220.0*	*113.3*	*52%*
Recoveries	*126.0*	*1.4*	*1%*	*118.0*	*9.4*	*8%*
Net	*509.7*	*437.6*	*86%*	*866.7*	*467.5*	*54%*

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT	**47.7**	**28.0**	**59%**	**100.3**	**59.8**	**60%**
Ministry of Social Justice & Empowerment	47.7	28.0	59%	100.3	59.8	60%
DEPARTMENT OF DISABILITY AFFAIRS	**67.9**	**32.9**	**48%**	**-**	**-**	**-**
Department of Disability Affairs	67.9	32.9	48%	-	-	-
DEPARTMENT OF SPACE	**1,238.0**	**833.1**	**67%**	**1,177.0**	**659.0**	**56%**
Department of Space	1,238.0	833.1	67%	1,177.0	659.0	56%
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION	**445.9**	**242.4**	**54%**	**365.7**	**212.5**	**58%**
Ministry of Statistics and Programme Implementation	445.9	242.4	54%	365.7	212.5	58%
MINISTRY OF STEEL	**67.7**	**25.6**	**38%**	**66.9**	**32.9**	**49%**
Ministry of Steel						
Gross	*72.9*	*30.8*	*42%*	*73.0*	*38.1*	*52%*
Less: Receipts	*5.2*	*5.2*	*100%*	*6.1*	*5.2*	*85%*
Net	*67.7*	*25.6*	*38%*	*66.9*	*32.9*	*49%*
MINISTRY OF TEXTILES	**866.4**	**414.2**	**48%**	**800.6**	**464.0**	**58%**
Ministry of Textiles	866.4	414.2	48%	800.6	464.0	58%
MINISTRY OF TOURISM	**84.7**	**38.6**	**46%**	**75.3**	**35.3**	**47%**
Ministry of Tourism	84.7	38.6	46%	75.3	35.3	47%
MINISTRY OF TRIBAL AFFAIRS	**19.0**	**11.4**	**60%**	**16.9**	**10.4**	**62%**
Ministry of Tribal Affairs	19.0	11.4	60%	16.9	10.4	62%
U.Ts WITHOUT LEGISLATURE	**4,402.0**	**2,919.0**	**66%**	**4,253.2**	**2,525.5**	**59%**
Andaman & Nicobar Islands						
Gross	*1,513.4*	*922.7*	*61%*	*1,440.9*	*869.1*	*60%*
Less : Recoveries	*168.6*	*26.5*	*16%*	*115.3*	*55.1*	*48%*
Net	*1,344.8*	*896.2*	*67%*	*1,325.6*	*814.0*	*61%*
Chandigarh						
Gross	*2,730.3*	*1,589.9*	*58%*	*2,615.6*	*1,302.0*	*50%*
Less : Recoveries	*432.9*	*66.4*	*15%*	*422.2*	*63.8*	*15%*
Net	*2,297.3*	*1,523.5*	*66%*	*2,193.3*	*1,238.2*	*56%*
Dadra & Nagar Haveli						
Gross	*141.9*	*70.3*	*50%*	*132.5*	*61.1*	*46%*
Less : Recoveries	*15.9*	*3.5*	*22%*	*10.2*	*2.8*	*28%*
Net	*126.0*	*66.9*	*53%*	*122.3*	*58.3*	*48%*
Daman & Diu						
Gross	*982.1*	*495.0*	*50%*	*929.5*	*592.2*	*64%*
Less : Recoveries	*852.6*	*395.2*	*46%*	*802.6*	*508.6*	*63%*
Net	*129.5*	*99.8*	*77%*	*126.9*	*83.6*	*66%*
Lakshadweep						
Gross	*601.6*	*348.3*	*58%*	*582.4*	*344.4*	*59%*
Less : Recoveries	*97.3*	*15.6*	*16%*	*97.3*	*12.9*	*13%*
Net	*504.4*	*332.7*	*66%*	*485.1*	*331.5*	*68%*

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF URBAN DEVELOPMENT	**3,025.1**	**1,356.4**	**45%**	**2,796.9**	**1,621.2**	**58%**
Department of Urban Development						
Gross	*1,120.5*	*478.6*	*43%*	*984.3*	*563.6*	*57%*
Less : Recoveries	*0.0*	*-*	*-*	*0.0*	*0.0*	*75%*
Net	*1,120.5*	*478.6*	*43%*	*984.2*	*563.6*	*57%*
Public Works						
Gross	*1,871.7*	*834.4*	*45%*	*1,775.4*	*1,043.1*	*59%*
Less : Recoveries	*46.3*	*1.8*	*4%*	*56.7*	*5.7*	*10%*
Net	*1,825.5*	*832.6*	*46%*	*1,718.7*	*1,037.3*	*60%*
Stationery and Printing						
Gross	*279.1*	*136.3*	*49%*	*261.2*	*130.1*	*50%*
Less : Recoveries	*200.0*	*91.1*	*46%*	*167.3*	*109.7*	*66%*
Net	*79.1*	*45.2*	*57%*	*93.9*	*20.3*	*22%*
MINISTRY OF WATER RESOURCES	**599.6**	**315.9**	**53%**	**576.6**	**297.6**	**52%**
Ministry of Water Resources						
Gross	*613.7*	*327.1*	*53%*	*590.7*	*311.0*	*53%*
Less : Recoveries	*14.1*	*11.2*	*80%*	*14.1*	*13.4*	*95%*
Net	*599.6*	*315.9*	*53%*	*576.6*	*297.6*	*52%*
MINISTRY OF WOMEN AND CHILD DEVELOPMENT	**93.9**	**46.4**	**49%**	**90.0**	**47.5**	**53%**
Ministry of Women and Child Development	93.9	46.4	49%	90.0	47.5	53%
MINISTRY OF YOUTH AFFAIRS & SPORTS	**126.0**	**66.2**	**53%**	**126.0**	**85.9**	**68%**
Ministry of Youth Affairs and Sports	126.0	66.2	53%	126.0	85.9	68%
MINISTRY OF RAILWAYS						
Ministry of Railways						
Gross	*1,64,955.4*	*76,977.0*	*47%*	*1,46,626.0*	*66,649.5*	*45%*
Less : Receipts	*1,64,955.4*	*70,591.0*	*43%*	*1,46,626.0*	*51,750.2*	*35%*
: Reserve fund	*-*	*6,386.0*		*-*	*14,899.3*	
Net	*-*	*-*		*-*	*-*	
Exp. From Contingency Fund		194.8			7.7	
GRAND TOTAL	***12,19,892.0***	***6,15,764.0***	***50%***	***11,09,975.3***	***5,72,933.8***	***52%***

Annex continued

10. RESOURCES TRANSFERRED TO STATE & UT GOVERNMENTS

(₹ in crore)

MINISTRY/ DEPARTMENT	2014-2015			2013-2014		
	BE	ACTUALS upto 09/2014	%	BE	ACTUALS upto 09/2013	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
States' share of Taxes & Duties	**3,82,216**	**1,65,415**	**43%**	**3,46,992**	**1,48,711**	**43%**
Non-plan Grants & Loans	**70,019**	**24,324**	**35%**	**77,060**	**28,575**	**37%**
Grants	69,936	24,288	35%	76,980	28,545	37%
Loans	83	36	43%	80	30	38%
Ways and Means Advances (Net)		-			-	
Central Assistance for State & UT Plans	**3,29,712**	**1,40,301**	**43%**	**1,27,802**	**44,148**	**35%**
Grants	3,17,712	1,33,652	42%	1,16,802	39,652	34%
Loans	12,000	6,649	55%	11,000	4,496	41%
Assistance for Central & Centrally sponsored Schemes	**5,851**	**6,915**	**118%**	**43,776**	**28,762**	**66%**
Grants	*5,851*	*6,915*	*118%*	*43,776*	*28,762*	*66%*
Loans						
Total Grants & Loans	**4,05,582**	**1,71,540**	**42%**	**2,48,638**	**1,01,485**	**41%**
Grants	*3,93,499*	*1,64,855*	*42%*	*2,37,558*	*96,959*	*41%*
Loans	*12,083*	*6,685*	*55%*	*11,080*	*4,526*	*41%*
Less : Recovery of Loans & Advances	**8,832**	**4,348**	**49%**	**8,548**	**4,187**	**49%**
Net Resources transferred to State & UT Governments	**7,78,966**	**3,32,607**	**43%**	**5,87,082**	**2,46,009**	**42%**
(i) Of Which State Govts.	7,74,799	3,31,054	43%	5,83,809	2,44,967	42%
(ii) Of Which UT. Govts.	4,167	1,553	37%	3,273	1,042	32%

Annex continued

11. DEPARTMENTAL COMMERCIAL UNDERTAKINGS

(₹ in crore)

MINISTRY/ DEPARTMENT	2014-2015 BE	2014-2015 ACTUALS upto 09/2014	2014-2015 %	2013-2014 BE	2013-2014 ACTUALS upto 09/2013	2013-2014 %
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Services						
Expenditure	*11,250.0*	*5,110.2*	*45%*	*11,902.0*	*4,367.0*	*37%*
Receipts	*11,375.0*	*5,335.4*	*47%*	*12,120.0*	*4,352.7*	*36%*
Net	*-125.0*	*-225.2*	*180%*	*-218.0*	*14.3*	*-7%*
Canteen Stores Department						
Expenditure	*11,250.0*	*5,110.2*	*45%*	*11,902.0*	*4,367.0*	*37%*
Receipts	*11,375.0*	*5,335.4*	*47%*	*12,120.0*	*4,352.7*	*36%*
Net	*-125.0*	*-225.2*	*180%*	*-218.0*	*14.3*	*-7%*
Economic Services						
Expenditure	*22,256.1*	*11,257.0*	*51%*	*20,420.0*	*10,172.8*	*50%*
Receipts	*16,068.3*	*4,468.3*	*28%*	*14,411.2*	*4,245.7*	*29%*
Net	*6,187.8*	*6,788.7*	*110%*	*6,008.9*	*5,927.1*	*99%*
Delhi Milk Scheme						
Expenditure	*480.0*	*216.5*	*45%*	*451.1*	*177.8*	*39%*
Receipts	*480.0*	*181.9*	*38%*	*451.1*	*159.4*	*35%*
Net	*0.0*	*34.6*		*0.0*	*18.4*	
Opium and Alkaloid Factories						
Expenditure	*223.6*	*91.0*	*41%*	*220.0*	*130.8*	*59%*
Receipts	*339.0*	*105.9*	*31%*	*347.7*	*142.9*	*41%*
Net	*-115.3*	*-15.0*	*13%*	*-127.8*	*-12.1*	*9%*
Badarpur Thermal Power Station						
Expenditure	*1.0*	*-*	*0%*	*10.0*	*-*	*0%*
Receipts	*224.6*	*-*	*0%*	*240.6*	*-*	*0%*
Net	*-223.6*	*-*	*0%*	*-230.7*	*-*	*0%*
Fuel Fabrication Facilities						
Expenditure	*1,276.1*	*791.8*	*62%*	*1,180.9*	*683.5*	*58%*
Receipts	*2,264.9*	*802.4*	*35%*	*2,102.8*	*816.6*	*39%*
Net	*-988.8*	*-10.6*	*1%*	*-921.9*	*-133.1*	*14%*
Rajasthan Atomic Power Station						
Expenditure	*-*	*-*		*79.0*	*19.6*	*25%*
Receipts	*-*	*-*		*-*	*-*	*0%*
Net	*-*	*-*		*79.0*	*19.6*	*25%*
Fuel Inventory						
Expenditure	*2,884.7*	*1,048.9*	*36%*	*2,471.7*	*1,016.3*	*41%*
Receipts	*2,237.9*	*925.7*	*41%*	*1,947.1*	*780.4*	*40%*
Net	*646.8*	*123.3*	*19%*	*524.5*	*235.9*	*45%*
Lighthouses & Lightships						
Expenditure	*200.9*	*57.1*	*28%*	*188.6*	*114.3*	*61%*
Receipts	*240.0*	*82.1*	*34%*	*220.0*	*113.3*	*52%*
Net	-39.1	-25.0	64%	-31.4	1.0	-3%
Postal Services						
Expenditure	*17,189.7*	*9,051.7*	*53%*	*15,818.9*	*8,030.5*	*51%*
Receipts	*10,281.9*	*2,370.3*	*23%*	*9,101.8*	*2,233.1*	*25%*
Net	*6,907.8*	*6,681.4*	*97%*	*6,717.1*	*5,797.4*	*86%*
Total Expenditure	***33,506.1***	***16,367.1***	***49%***	***32,322.0***	***14,539.8***	***45%***
Total Receipts	***27,443.3***	***9,803.6***	***36%***	***26,531.2***	***8,598.4***	***32%***
Net	***6,062.8***	***6,563.5***	***108%***	***5,790.9***	***5,941.4***	***103%***