

Mid-Year Economic Analysis 2015-2016

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 2015-2016

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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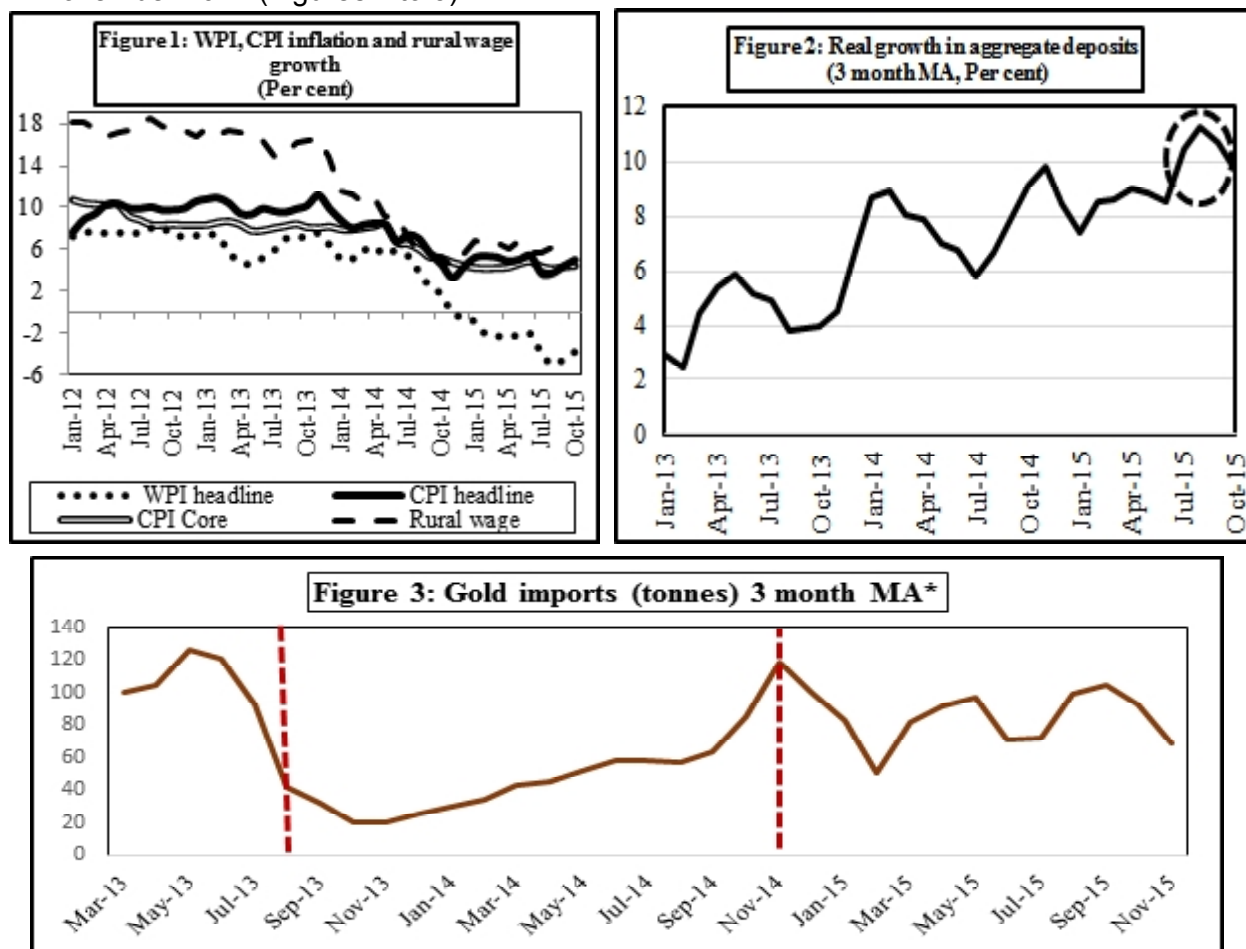
CHAPTER I

THE INDIAN ECONOMY

1. RESTORING MACROECONOMIC STABILITY

1.1 Since the Economic Survey and Budget were presented earlier this year, the Indian economy has consolidated the gains achieved in restoring macroeconomic stability from the beginning of last fiscal year (FY2015).

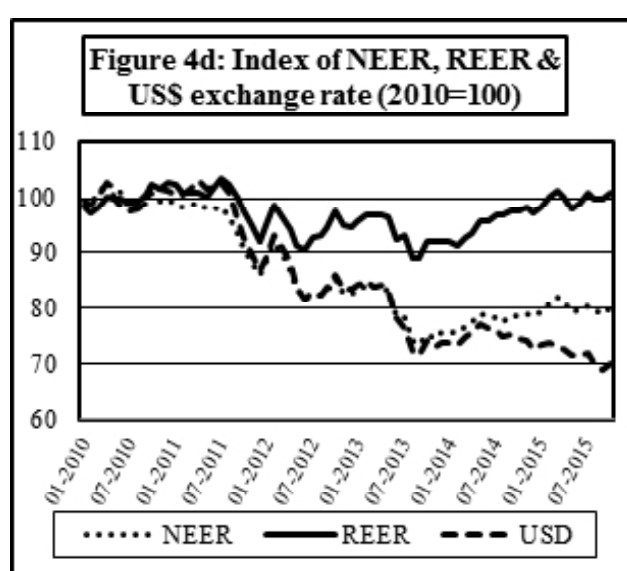
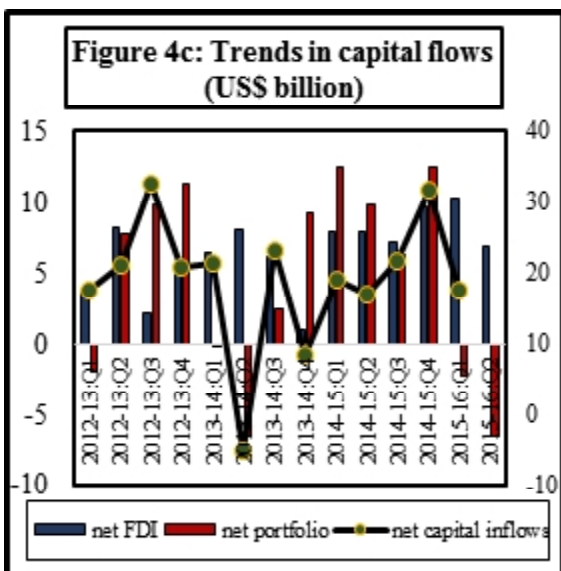
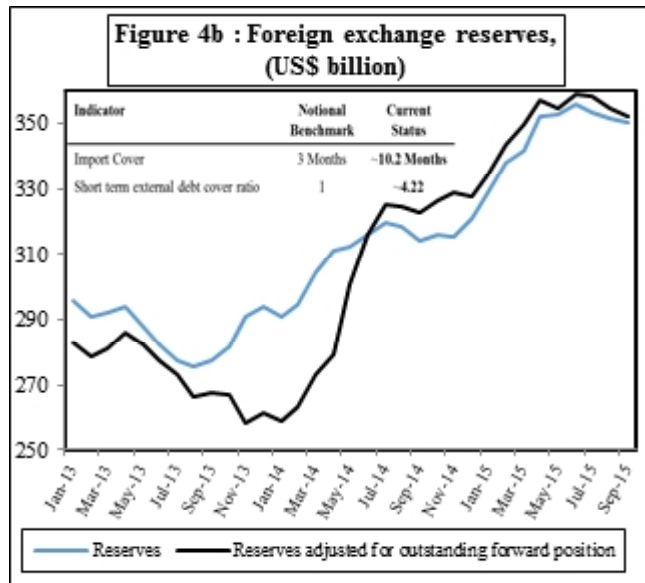
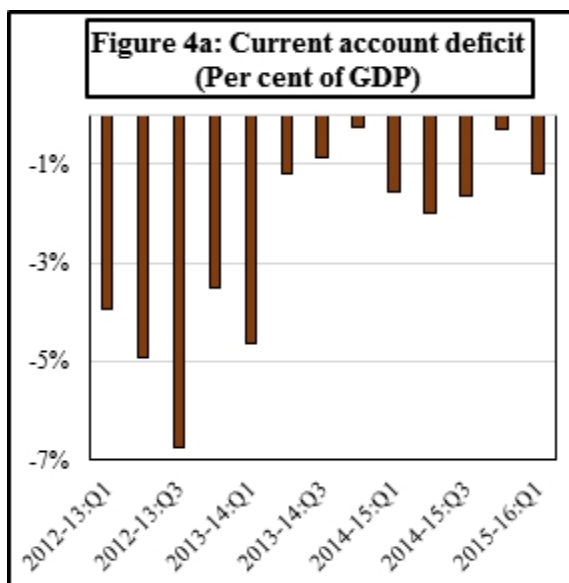
1.2 Inflation has continued to moderate steadily. Consumer price inflation (measured by the CPI-NS) has declined from 5.4 percent in February 2015 to 5 percent in October 2015. The WPI has been in negative territory for 12 months since November 2014 and is at (-) 3.8 percent in October 2015. Rural wage growth and minimum support price increases—important determinants of inflation—have remained muted. Perhaps, as importantly, growing consumer confidence in price stability is reflected in two important indicators: real deposit growth, after remaining weak for about 8 months, has recovered, and gold imports have stabilized at lower levels since the period of high inflation and macro-economic instability in 2013 and since the liberalization of gold imports in November 2014 (Figures 1 to 3).



Source : Labour Bureau, Reserve Bank of India, Central Statistics Office & Ministry of Finance.

* Vertical lines indicate the timespan over which quantitative restriction on gold imports was in effect (August 2013 to November 2014).

1.3 Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels (about 1.2 percent of GDP); foreign exchange reserves have risen to US\$ 352.1 billion as on December 4, 2015 which seem ample, measured against conventional norms; net FDI inflows have grown from US\$ 15.8 billion in H1 (April-September) 2014-15 to over US\$ 17 billion in H1 2015-16 which is noteworthy against the background of uncertainty in other capital in flows; and finally, the nominal value of the rupee, measured against a basket of currencies has been steady or even strengthened (Figures 4(a) to (d)). The rupee has gone from being one of the worst performing currencies—as a member of the fragile five—to one of the best performing currencies against the dollar this year. India thus seems well-positioned to absorb any volatility from possible U.S. Federal Reserve actions to normalize monetary policy.



Source: RBI & MoF.

1.4 The fiscal sector registered some notable successes. It is true that the decline in nominal GDP growth relative to the budget assumption will pose a challenge for meeting the fiscal deficit target of 3.9 per cent of GDP. Slower-than-anticipated nominal GDP growth (8.2 percent versus budget estimate of 11.5) will itself raise the deficit target by 0.2 percent of GDP. The anticipated shortfall in disinvestment receipts, owing to adverse market conditions for a portfolio that largely comprises commodity stocks, will add to the challenge.

1.5 But tax collections have been buoyant. That plus the additional revenue measures (the Swachh Bharat cess and recent increases in excise) will ensure that central government's target will be met. As in FY 2015, so too this year, the government's commitment to meet announced fiscal targets is steadfast. Indeed, the first half outturn, while above the target for the year, is well below what is typical in other years. If the typical pattern of revenue collection and spending is taken into account, the first half outturn is well in line with meeting the year's target.

1.6 The fiscal deficit picture actually improves if we also take into account the fiscal position of the states. Data for 20 states for the first half of FY 2016, accounting for about 93 per cent of aggregate GDP, indicates a decline of about 0.4 per cent in the revenue deficit. If historical patterns of capital spending persist, the aggregate fiscal deficit of the states is likely to have declined. Thus, at the level of general government (centre plus states), the fiscal deficit is likely to have been reduced.

1.7 Tax performance has been a success in the first half. Both direct and indirect tax collections have registered a dramatic increase in buoyancy in the first half of FY2016 compared to the average of the previous three years. Table 1 illustrates this success. It computes the growth in direct and indirect tax revenues (the latter after stripping out the new revenue measures) for the last three years as well as the growth in the underlying tax base of manufacturing and services (in nominal terms). For taxes as a whole, buoyancy increased by between 50-80 percent relative to the average of the previous three years. This improvement in buoyancy likely reflects improved tax administration, especially in relation to indirect taxes. The performance of direct tax collections must be seen in the light of the fact that corporate tax refunds were large in 2014-15 which boosted measured performance in the first half of this year.

Table 1: Tax buoyancy of central government

Year	Base	Revenue Growth		Implied Buoyancy	
	Growth	DT	IDT	DT	IDT
2012-13	15.1	18.5	25.8	1.3	1.8
2013-14	14.4	13.5	4.1	1.0	0.3
2014-15	12.8	8.2	8.0	0.7	0.8
Avg 2012-13 to 2014-15	14.1	13.4	12.6	1.0	0.9
H1 2015-16	7.1	9.6	12.6	1.5	1.7

Note : 1. Base is summation of GVA in manufacturing and services at current market price. 2. Annual and half yearly numbers are average of four quarters and two quarters respectively in that year. DT= Direct Tax, IDT= Excise tax plus service tax, H1= April-September

Source : CSO and Controller General of Accounts (CGA).

1.8 A second success of fiscal performance relates to budgetary governance (see **Box 1**). The forecast error in this year's budget was a fraction of that last year and also substantially lower than the average error in the four years preceding that. The likely achievement of this year's fiscal target without the large expenditure cuts toward year-end, typical of the last few years, is thus a collateral benefit of better budgetary governance, and in particular, of more realistic revenue projections.

Box 1. Budgetary Governance: Better Revenue Forecasts in 2015-16

Last year's mid-year economic analysis had highlighted the over-optimistic revenue projections in the FY2015 budget. *Was this year different?* To answer this question, we conducted a simple analysis of revenue forecast errors in the last four budgets as well as in this year's budget. We calculated these errors* for total taxes, comprising the sum of direct and indirect taxes. The results are shown in the Table below.

Mean Absolute Percentage Error for Revenue Forecast

From 2010-11 to 2014-15	6.6
H1 of 2014-15	16.0
H1 of 2015-16	1.2

Compared to the average of the previous five years, and compared to H1 of last year as well, there has been a substantial improvement in forecasting revenues. The forecast error this year is less than 20 percent of the average for the last few years in all categories. The improvement is especially large in relation to last year.

Not only does this bode well for future budgeting, better forecasts also mean that the disruption that takes place at the end of the year by having to slash expenditures can be avoided or minimized.

* The errors are calculated using the formula :

$$\frac{1}{n} \sum_{i=1}^n \frac{|Actual - Budgeted|}{Actual} * 100$$

Source : Budget documents, CGA and own calculations.

1.9 Fiscal performance must be assessed not just in terms of macro-economic outcomes but also by the quality of spending. The budget envisaged an improvement in quality by shifting expenditures away from current to capital expenditures. With the acceptance of the Fourteenth Finance Commission recommendations, and the large devolution toward the states as well as restructuring of the centrally sponsored schemes, the issue of quality of expenditure must increasingly be assessed from a general government (i.e. combining the center and the states) perspective. This is done in greater detail in **Box 2**.

1.10 The main findings are that a welcome shift in the quality of spending has occurred from revenue expenditure to investment. This is the third success of fiscal management this year. Aggregate capital expenditure has increased by about 0.5 per cent of GDP in H1 of this fiscal year, with contributions from both the centre (60 per cent) and states (40 per cent).

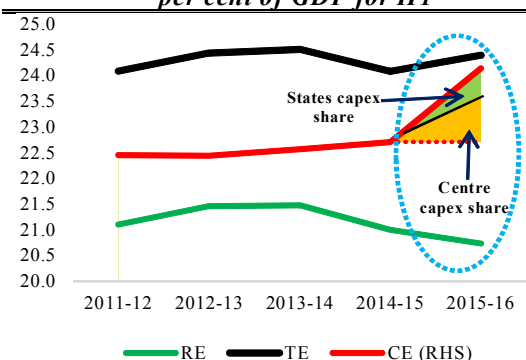
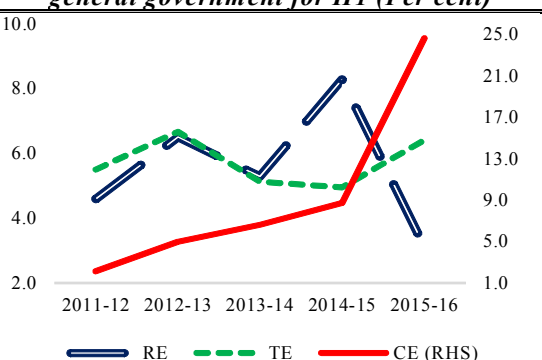
1.11 There has also been an increase in spending on health and agriculture and rural development, the latter being significant in the context of stress in farm incomes due to the second consecutive year of significant shortage in rainfall.

Box 2: Assessing the Quality of General Government Spending in FY2016

The 2015-16 Union Budget envisaged an improvement in the quality of expenditure, shifting resources from current to capital expenditures, and devoting more resources to the agricultural sector at a time of farm distress. At the same time, the recommendations of the Fourteenth Finance Commission, which were accepted by the government, involve a much greater portion of revenues being spent by the states than being done previously. One implication is that understanding whether the shift in Union strategy has been successful requires analysing general government (centre plus states) expenditures and not just those of the centre.

Compiling data available for both levels of government, we report the results of this analysis for H1 of this fiscal year (FY2016) below. These results are also illustrated in Figures 1, 2, 3 and 4. Two points are noteworthy.

First, there is a significant increase in aggregate capital expenditure¹ by 0.5 percentage points of GDP (Figure 1). This translates into real expenditure growth of 25 percent compared with the corresponding period of last year (Figure 2). There is a corresponding reduction of 0.3 percentage points in revenue expenditures as percent of GDP. Disaggregating further reveals that the increase in capital expenditures occurred both in the centre and states, with the former contributing 60 per cent and the latter 40 per cent. Thus, the overall budgetary strategy of improving the quality of expenditures and accelerating public investment worked at an all-India level.

Figure 1: General government expenditures as per cent of GDP for H1**Figure 2: Growth in real expenditures of general government for H1 (Per cent)**

RE= Revenue expenditure

TE= Total expenditure

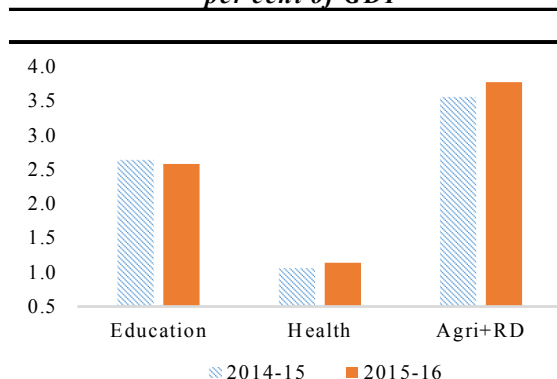
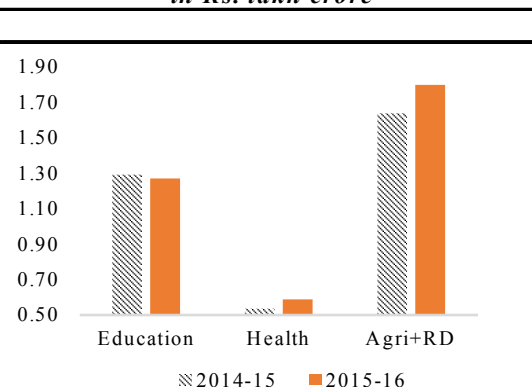
CE= Capital expenditure

Note: General Government (Centre + States). Data for states is for 20 states which constitute 91 per of GDP.

Source : CGA, Comptroller and Auditor General of India, CSO and calculations.

Second, in the first half of FY2016, general government expenditure witnessed an up-tick in two key social sectors—health and especially agriculture and rural development—both in real terms and as a share of GDP² (Figures 3 and 4). For example, total real expenditure in agriculture and rural development increased by a substantial 9.9 percent, indicating that the government has responded to the stress in the rural farm sector. Available data does not allow for a further disaggregation of these developments into contributions by the centre and states.

However, while general government expenditure on education increased in nominal terms by about Rs. 6700 crore, its share in overall GDP declined marginally.

Figure 3: H1 expenditure as per cent of GDP**Figure 4: H1 real expenditure in Rs. lakh crore**

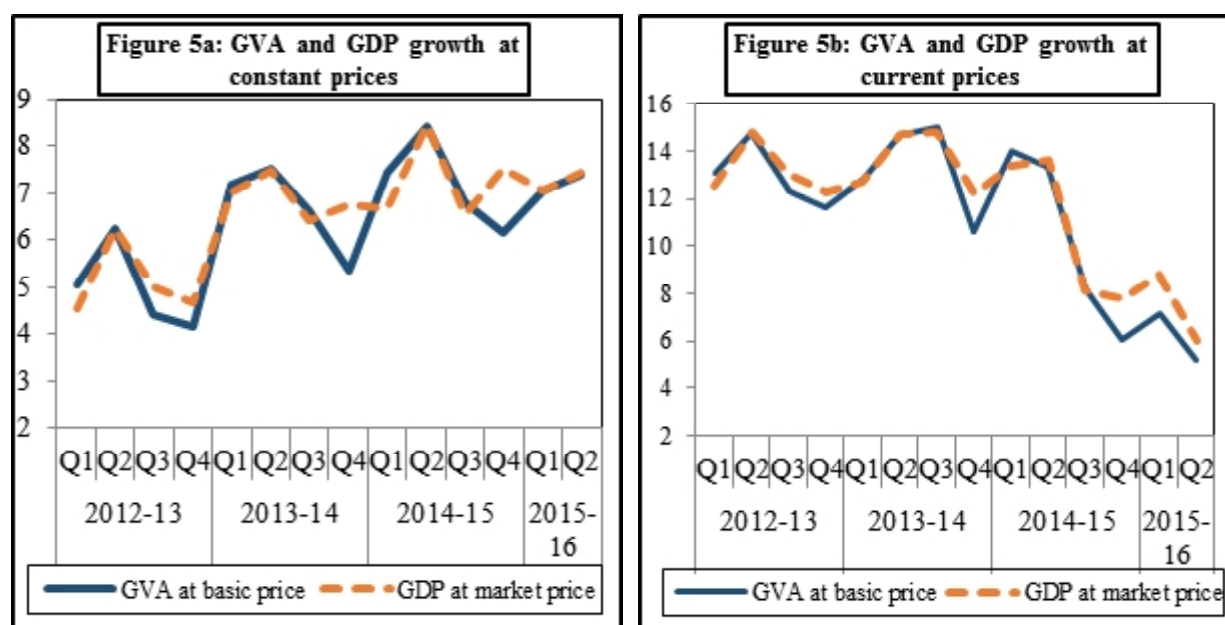
Source : CGA, Comptroller and Auditor General of India, CSO and calculations.

¹ Capital expenditure for the Centre includes loans and advances whereas capital expenditure for the states does not include the same due to non-availability of data.

² Health expenditure, education expenditure and 'Agriculture and rural development' expenditures have been deflated by health index of CPI New Series combined (urban plus rural), education index of CPI-NS and CPI -agricultural labour respectively.

Understanding GDP growth

1.12 Economic growth, prima facie, too is showing signs of steady recovery. The latest GDP estimates suggest that real GDP in the first half of 2015-16 grew at 7.2 percent as compared to 7.5 percent in the first half of FY 2015. In contrast, nominal GDP growth declined substantially from 13.5 percent in H1 FY 2015 to 7.4 percent in H1 FY 2016.



Source : CSO

1.13 But understanding the real economy and the pace and strength of economic recovery is unusually difficult this year for two reasons: GDP data can be subject to a degree of uncertainty, and second, the economy is sending mixed signals with different indicators not always pointing in the same positive direction. Even the contrasting performances of nominal and real GDP growth shown in Figures 5 (a) and (b) raise interesting issues.

1.14 It must be emphasized that uncertainty about the GDP data does not imply that the GDP estimates are flawed or biased. Also, this uncertainty is not a feature of the new GDP series. This heightened uncertainty is intrinsic to GDP measurement at a time when large changes in relative prices are taking place.

1.15 Figure 6 highlights the cause of the uncertainty in the GDP estimates. It plots the difference between CPI inflation and WPI inflation since January 2012. It is striking that the wedge between the two has been rising steadily and reached an unprecedented high of 8.5 percentage points in Q2 FY2016. This wedge creates complications for the measurement of GDP for a number of reasons discussed in **Box 3**.

Box 3. Understanding Real GDP Estimates

National and international commentators have expressed skepticism about India's GDP estimates. One view is that current real GDP growth is over-stated. This box examines this contention. First, it bears emphasis that the methodology for compiling India's GDP estimates conforms to international standards and deviations are made only in cases where data limitations demand otherwise.

Second, the processes and institutions involved in their construction are fiercely independent, with the Advisory Committee on National Accounts Statistics (ACNAS) being the principal decision-maker on all matters connected with the National Accounts and the National Statistical Commission (NSC) being the final arbiter. The composition of the ACNAS and the NSC have remained substantially unaltered under different governments. The suggestion or insinuation of motivated GDP estimates is therefore preposterous.

That said, GDP estimates may be prone to measurement uncertainty as they are in all countries. At this juncture, there are three potential sources of measurement uncertainty in Indian estimates (and these existed even for the old series and are not due to changes implemented in constructing the new GDP series).

First, inappropriate price deflators may be used to derive real gross value added (GVA) growth from their counterpart nominal estimates. In the absence of producer price indices or wage indices, national accounts estimates rely on a combination of CPI and WPI deflators to translate nominal aggregates into real ones. The concern mainly relates to services sector GVA estimation.

But here there is a large misperception. For about half of services value added, the deflator is broadly the appropriate one given current data availability. Specifically, all consumer services (including construction) accounting for about 30 percent of GVA are deflated by corresponding services sector prices obtained from the CPI. The deflation may not be perfect but conceptually the right deflators are used.

It is for producer services (accounting for about 21 percent of GVA) that the choice of deflators poses a potential problem. For all these services, deflation is done via the aggregate WPI. Conceptually, value added in nontradable services is being deflated by a tradable deflator (the WPI). This procedure has been followed for many years without alteration and is done because of the lack of producer price or wage indices. Under normal circumstances, when all prices are moving broadly in the same direction, this mismeasurement need not be large. But when the wedge between the WPI and CPI indicators is large—8.5 percentage points (Figure 6 in the text)—mismeasurement can be non-negligible.

A second source of potential measurement error relates to the use of volume indicators as proxies for real value added growth. If production efficiencies are increasing, as suggested by manufacturing data, real value added growth can be under-estimated. In the national accounts, about 11-12 percent of gross value added is computed using volume proxies.

The third source of potential error relates to indirect taxes which are a part of GDP at market prices. The recommended international practice for dealing with indirect taxes, by construction, will lead to tax increases in excess of the growth in the tax base—for example, due to increases in tax rates or improvements in collection efficiency—not being fully captured in measured real GDP growth. (However, subsidies are deflated by the GDP deflator). Since indirect taxes increased substantially—by above 35 per cent in nominal terms in the first half of 2015-16—the estimation procedure carries the potential for understating real GDP growth.

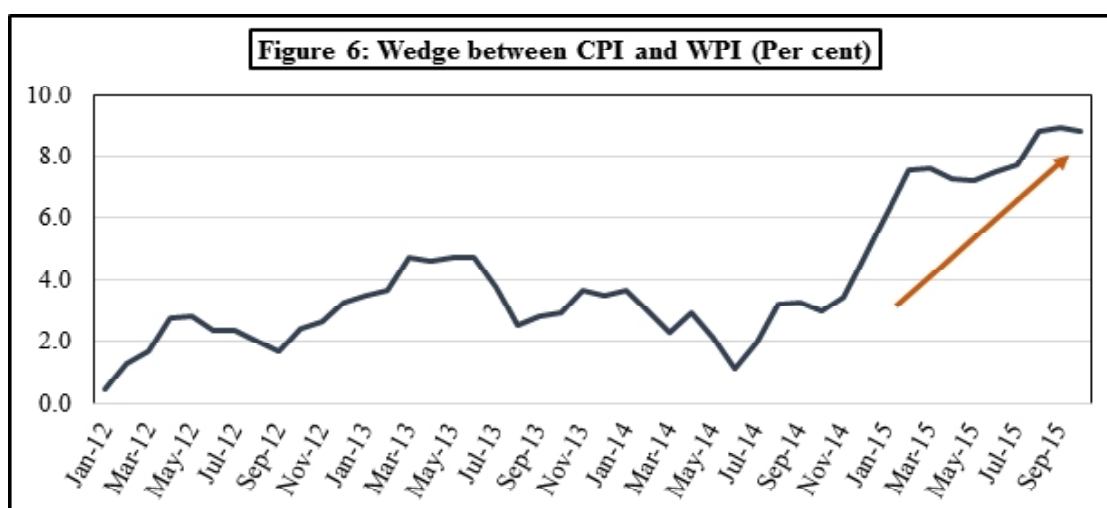
So, for the three potential sources of measurement uncertainty identified above, two tend to understate real GDP growth and one tends to overstate real GDP growth. On balance, and without appropriate data, it is difficult to know the direction of bias in real GDP growth estimates. In other words, measurement uncertainty may exist but it does not seem systematic or biased.

Finally, the direction of bias could shift over time. For example, the potential mis-measurement that arises from indirect tax collections will be reduced substantially next year when indirect tax collections revert to more normal levels. Similarly, the extent of the problem arising from the potential over-representation of the WPI in the GDP deflator depends on the nature of relative price shifts. If international oil and commodity prices stabilize, and WPI inflation comes back into line with CPI inflation, then any potential bias will disappear and measured growth will converge with its actual level. But if international prices rebound, and WPI inflation exceeds CPI inflation, then the deflator could be over-estimated and real growth could become *underestimated*.

Table : Estimation procedure for non-agricultural real Gross Value Added (GVA) 1/			
<i>Nominal gross value added deflated by relevant WPI</i>	<i>Nominal gross value added deflated by aggregate WPI</i>	<i>Nominal gross value added deflated by relevant CPI deflator</i>	<i>Real gross value added estimated using volume indicators</i>
Industry (20.4%)	Services (20.7%)	Services and industry (30%)	Services and industry (11.4%)
All manufacturing sectors	Trade And Repair Services	Total Communication & Services Related To Broadcasting	Railways
Mining and quarrying (coal & lignite, crude petroleum and natural gas) (*)	Hotels & Restaurants	Ownership Of Dwellings	Road Transport
	Storage	Education	Water Transport
	Other Financial Corporations	Health & social work	Air Transport
	Insurance Corporation and Pension Funds	Services of membership organisations	Services Incidental To Transport
	Information And Computer Related Services	Arts, entertainment & recreation	Monetary Financial Institutions (#)
	Professional, Scientific & Technical Activities Including R & D	Personal services including- washing, hair dressing, custom tailoring and funeral related services	Electricity
	Administrative & Support Service Activities And Other Professional Activities	Private household with employed person	Gas
	Real estate	Public Administration and defence	Mining (minerals)
		Water supply; Remediation and other utility services	
		Construction	
1/ Numbers in brackets indicate share in gross value added. Shares are averaged for 2011-12, 2012-13 and 2013-14			
(*) : 60% of GVA of mining and quarrying, (#) Mixed procedure.			

Source : CSO

1.16 Two points are worth emphasizing: first, that possible measurement uncertainty arises because of unusual conjunctural price developments, and in particular the diverging trends in tradable and nontradable, prices, as well as the large increases in indirect tax collections consequent upon large excise tax hikes. When this happens, measurement is confounded all around the world and not just in India. These developments are likely to be reversed going forward.



Source: CSO and Office of Economic Adviser, DIPP.

1.17 Second, this measurement uncertainty is not systematic or biased. For the three sources of measurement uncertainty identified in Box 3 that are relevant to today's measurement, two tend to understate real GDP growth and one tends to overstate real GDP growth. On balance, and without very detailed analysis, it is difficult to know the direction of bias in real GDP growth estimates.

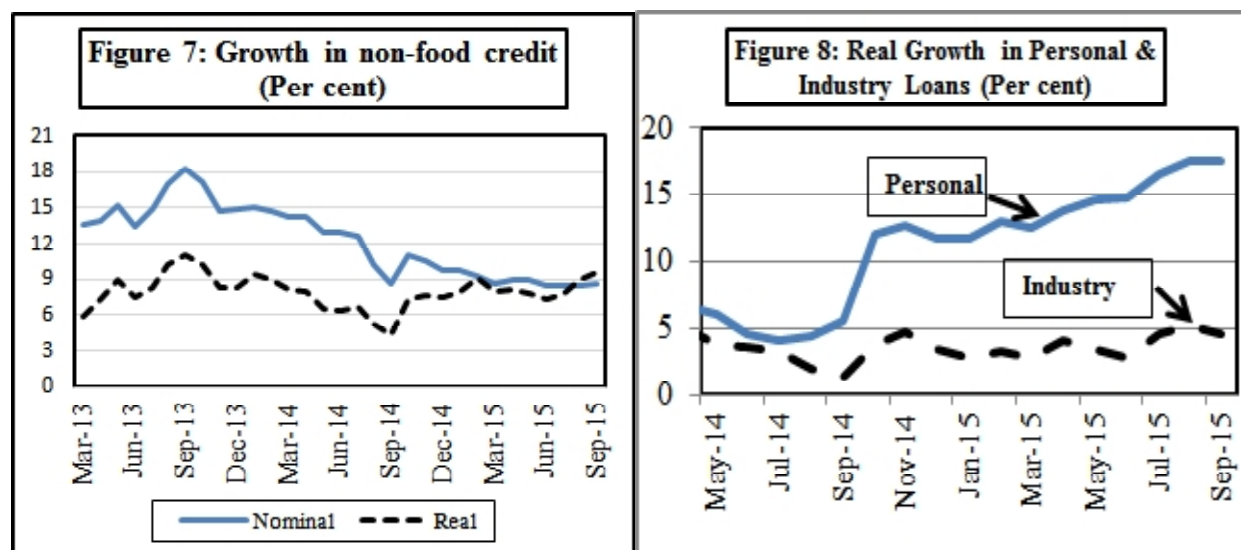
Mixed signals

1.18 The data uncertainty is in fact reflected in the mixed, sometimes puzzling, signals emanating from the economy.

1.19 Consider first tax collections. As discussed above, they have been buoyant relative to the growth in the underlying base, which is nominal GDP. But here too, indirect taxes have fared better than direct taxes, probably because corporate profits have not been buoyant, reflecting the slowing nominal GDP growth.

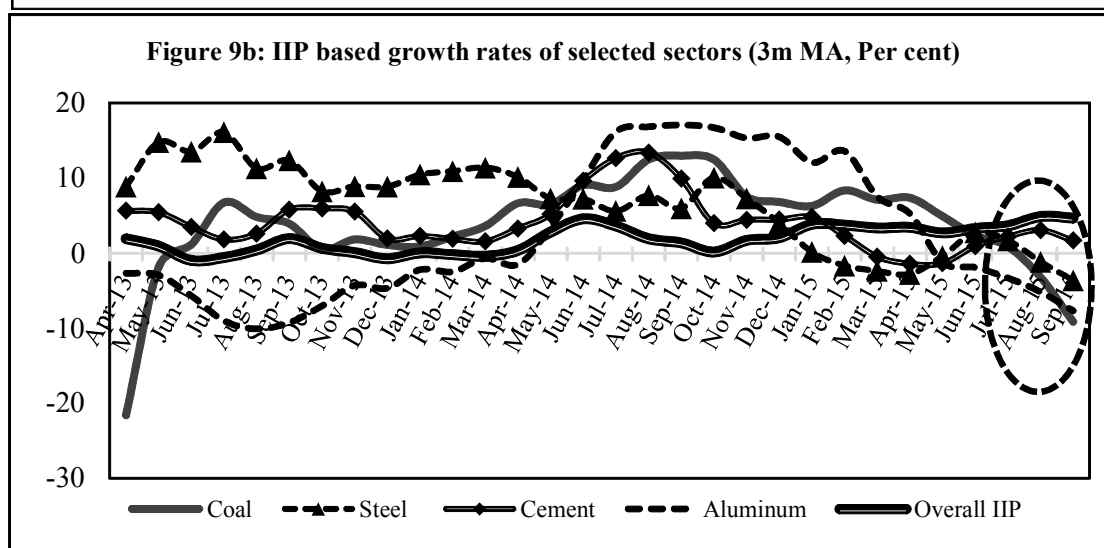
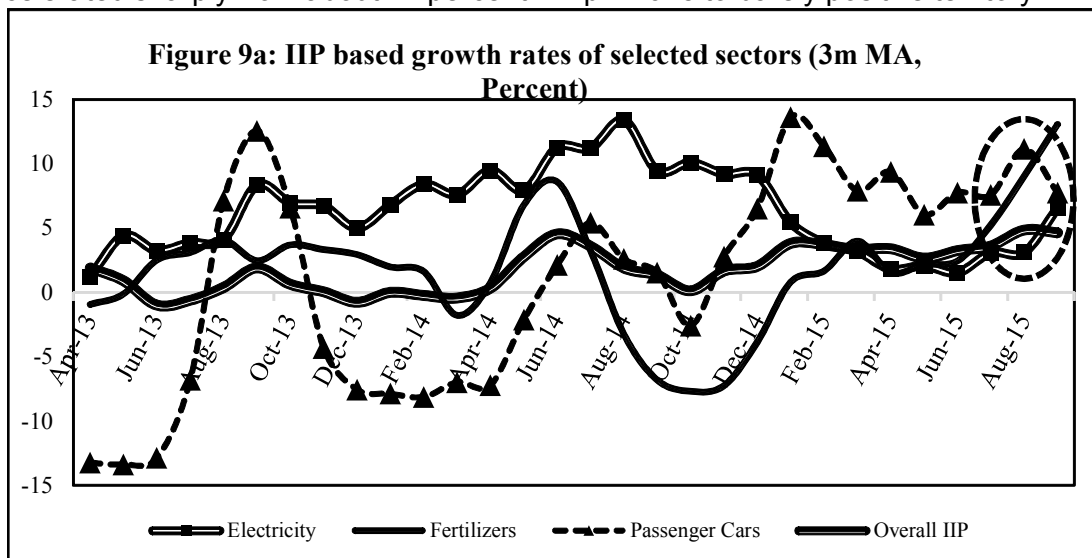
1.20 Indicators of financing are another gauge of economic activity. Non-food credit shows a pick-up when measured in real terms (Figure 7). This is true of real bank credit and real financing computed as the sum of bank credit, bonds, and external financing as well.

1.21 But this overall picture masks significant variation. A break-up of the credit figures show that real consumer credit has picked up rapidly while industrial credit has slowed dramatically. Much of the credit to industry may have been to stressed sectors, raising the possibility that loans are provided for balance sheet purposes rather than to finance new activity (Figure 8).



Source: RBI and MoF calculations.

Sectorally too, there are mixed signals. While the overall index of industrial production (IIP) has grown marginally faster in the first six months this year than the last, there is considerable variation in performance across sectors. In terms of production, power, fertilizers, and cars have been surging (Figure 9a). In contrast, commodities such as steel, iron, aluminium, and cement are doing less well (Figure 9b). Growth in capital goods imports, which partially proxies for investment, has decelerated sharply from about 12 percent in April 2015 to barely positive territory.



Source: MoF calculations.

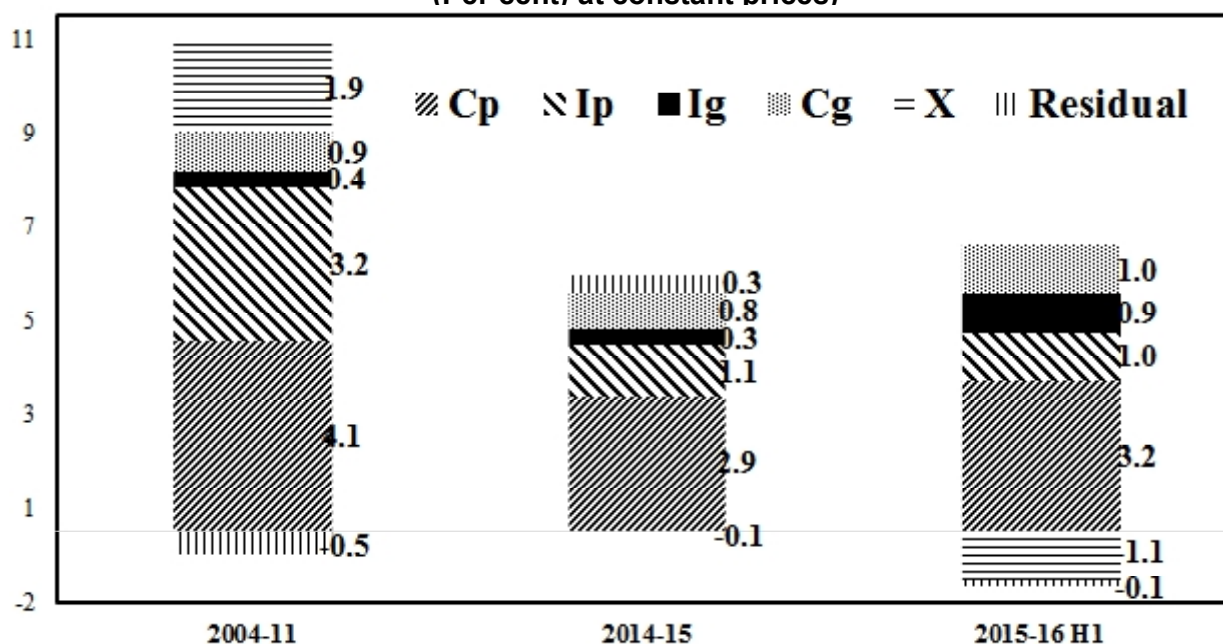
Deciphering the mixed signals

1.22 A different way of deciphering these signals to arrive at an overall macro-economic assessment is to focus on the contributions to aggregate demand growth from its four key components: private consumption, private investment, government expenditure (focusing on public investment), and exports¹.

1.23 We undertake this analysis for three time periods: the boom years, from 2004-05 to 2011-12, 2014-15, and the first half of 2015-16. The striking finding about this year is that compared to the past, the Indian economy now is powered by: private consumption, and government investment. This is in sharp contrast to the boom years, when the economy was powered by all four components of demand (Figure 10).

¹ A more traditional decomposition focuses on net exports (exports minus imports) but here we chose to focus on exports on the grounds that they are a more autonomous/exogenous source of addition to demand than imports are to a withdrawal of demand. So, the decomposition is based on the macroeconomic identity, $Y+M = C_p + I_p + G + X$, where Y is output, M imports of goods and services, C_p is private consumption, I_p private investment, and G is government final consumption (C_g) and investment expenditure (I_g), and X , exports of goods and services. We take G as one component, highlighting the role of public investment which excludes investment by public sector undertakings.

**Figure 10: Contribution of demand components to Growth of GDP+Imports
(Per cent) at constant prices)**



Source: MoF calculations.

1.24 The remarkable thing about 2015-16 growth performance is that it continues to be as strong as it is given the weakness of exports (because of declining world markets) and private investment. In the boom years, exports were adding 1.9 percentage points to demand whereas in 2015-16, export demand has been falling (-1.1 percentage points). The difference with the boom years, on account of exports is thus 3 percentage points. Similarly, private investment contributed 3.2 percentage points and only 1 percentage point in the current year. These two components of demand should have reduced growth by 5.3 percentage points. And yet, actual growth is only 2-2.5 percentage points less. For an economy that is powered only by private consumption and government investment, it is doing remarkably well. The difference with 2014-15 is that the decline in exports has been offset by higher consumption and public investment.

Understanding the four engines

1.25 We can examine in some more detail the behavior of these five components, beginning with the non-sputtering ones.

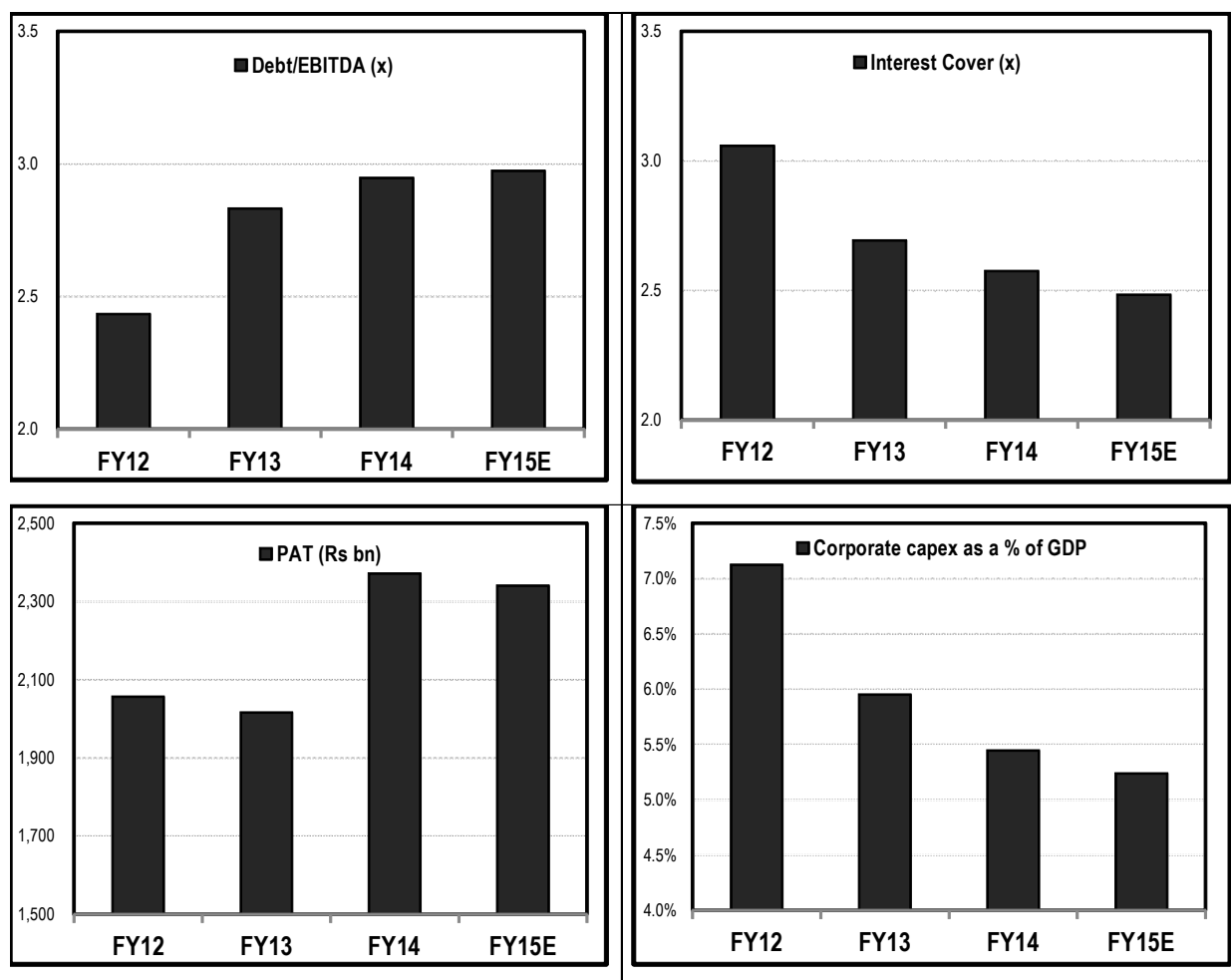
1.26 Government investment has been a key contributor of growth this year. In the first half, real gross fixed capital formation by the public sector grew by about 29 percent. But this positive contribution was offset by the fact that the rest of government contracted demand. The decomposition done above is slightly misleading about the role of demand from the government sector because it focuses only on expenditure. From a demand perspective, the appropriate fiscal impulse should include the role of taxes. So, the deficit is a better measure of the contribution of government to demand. And in FY2016 fiscal policy is likely to have been contractionary relative to FY2015 at the centre but also at the general government level. The positive contribution from greater public investment is offset by a combination of lower other expenditures and higher tax receipts.

1.27 One must be clear: the strategy in the FY2016 budget of increasing public investment is an unambiguous success both in contributing to demand and in increasing the economy's long run supply potential. But greater public investment which boosts demand was accompanied by fiscal consolidation that detracts from demand.

1.28 Private consumption has been the unambiguously bright spot in the economy as the GDP and the credit growth numbers show. In 2015-16, if oil prices remain at about US\$50 per barrel for the Indian basket for the rest of the year, the average oil price decline will be about 40 percent. This positive terms of trade shock to the Indian economy would amount roughly to 2.2 percentage points (40 per cent times the share of net oil imports in GDP of 5.8 per cent). Directly (household purchases of petroleum products) and indirectly (higher corporate margins passed on to consumers as lower prices, and higher wages and salaries to government officials), about half of this could lead to higher private consumption.

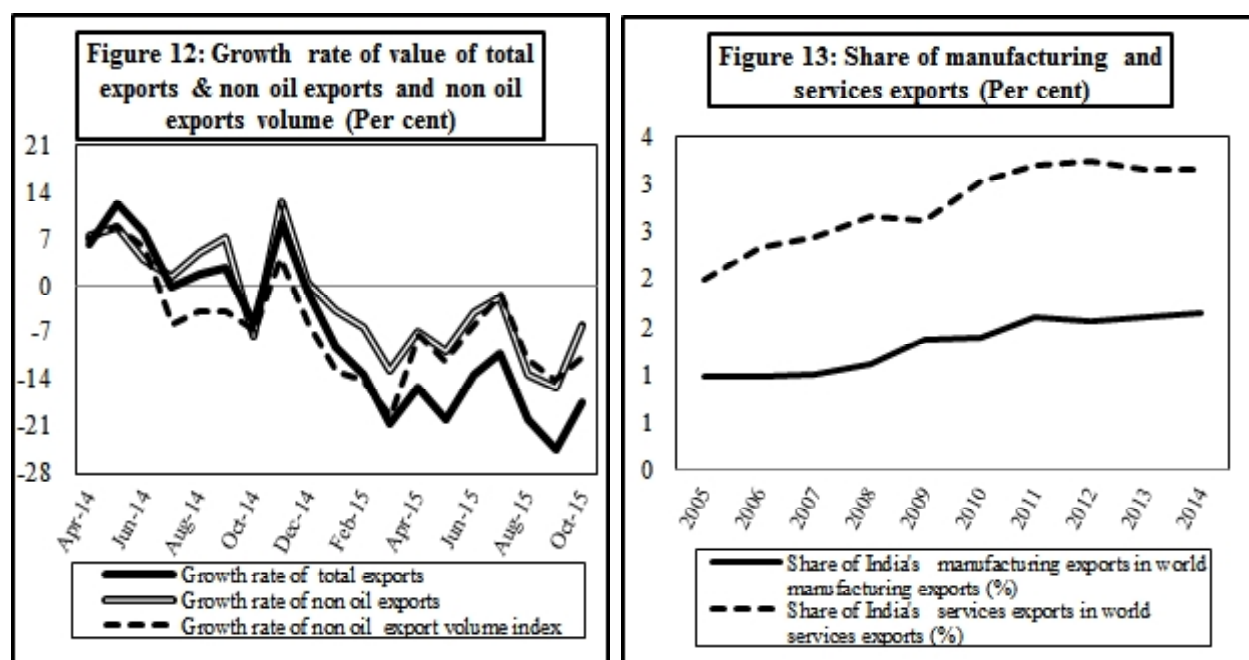
1.29 Why is private investment weak? Corporate balance sheets remain highly stressed. According to analysis done by Credit Suisse, for non-financial corporate sector (based on ~ 11000 companies in the CMIE database as of FY2014 and projections done for FY2015 based on a sample of 3700 companies), the number of companies whose interest cover is less than 1 has not declined significantly (this number was 1003 in September 2014 and is 994 in September 2015 quarter); the weighted average interest cover ratio has declined from 2.5 in September 2014 to 2.3 in September 2015 (research indicates that an interest cover of below 2.5 for larger companies and below 4 for smaller companies is considered below investment grade). The stock analogue of this flow performance is a rise in the indebtedness reflected in a rise in the debt to Earnings before interest, taxes, depreciation and amortization (EBITDA) ratio from 2.8 to 2.9 over the same period. Profit after tax (PAT) for the corporate sector as a whole has remained largely flat in FY2015 vis-à-vis FY2014; As a result, capital expenditures as a share of GDP have declined further from 5.4 to 5.2 percent of GDP (Figure 11).

Figure 11 : Snapshot of the Corporate Sector



Source: Credit-Suisse estimates.

1.30 *Why are exports weak?* It is important to remember that while overall exports in the first half of 2015-16 have declined by (-) 17.4 percent, non-oil exports have declined by less ((-) 8.7 percent; Figure 12). Moreover, export volumes have deteriorated much less because of deflation in prices of tradable goods. The most recent data suggest that neither India's manufacturing exports nor exports of services have lost significant global market share at least until the end of 2014 (Figure 13). Thus, declining exports seem to be predominantly determined by a decline in world demand. Regardless of the causes, the effect has been a drag on growth. This drag has been about 1.0 percentage point even relative to last year.



Source: Ministry of Commerce and MoF calculations.

Macro-economic outlook

1.31 *What is the outlook for GDP growth and prices?* Based on historical patterns, we estimate nominal GDP growth to be 8.2 percent for FY2015-16 as a whole. This estimate implies that nominal growth in the second half will be greater than that in the first half based on the likelihood that the fourth quarter will not witness severe expenditure cuts unlike in previous years. The effect of the floods in Tamil Nadu will be to reduce GDP but not substantially. Latest data for the rabi season suggests that net sown area is lower than for the corresponding period of last year; this combined with the likely adverse productivity effects from four consecutive seasons of weak rainfall create downside risks to agricultural production for this fiscal year. The higher nominal GDP growth in the second half assumes that the wedge between the WPI and CPI will begin to narrow, as suggested by the latest data for October and November 2015.

1.32 Unless oil prices decline further this annual estimate of 8.2 percent would represent two successive years of substantial declines in nominal GDP growth.

1.33 Given the challenges of real GDP measurement discussed above, we estimate that real GDP for the year as a whole will lie in the 7-7.5 per cent range. CPI inflation is likely to be within the RBI's target of about 6 percent.

1.34 Looking to 2016-17, requires examining each of the components of demand. As long as oil prices do not decline further and remain around US \$50 per barrel, the additional boost to consumption that the economy received this year—of about 1-1.5 percentage points—is likely to recede. Against this, if the monsoon behaves better next year, there could be some additional impetus to rural consumption. Since, corporate balance sheets are only expected to recover slowly, private investment will not be significantly greater than in FY2016.

1.35 For exports, we expect some improvement next year. We calculate a weighted average GDP growth rate of India's export partners to measure the demand for India's exports of goods and services. The weights are the shares of individual partner countries in India's exports of goods and services.² We find that this proxy for India's export demand declined from 3.0 percent in 2014 to 2.8 percent in 2015, which is consistent with the decline in India's non-oil exports in 2015. The data indicate that this demand will rise back to 3.0 percent next year, implying that the adverse export shock suffered this year could be reversed next year.

1.36 If the government sticks to the path for fiscal consolidation, that would further detract from demand. On these assumptions, and unless supply side reforms provide an impetus to growth, real GDP growth next year based on an analysis of likely demand is not likely to be significantly greater than growth this year (the demand calculation relative to this year is : (-) 1.3 percentage points from consumption, (+) 1.3 from exports and (-) 0.4 from government, assuming a fiscal multiplier of 1).

1.37 The outlook for inflation would of course depend on international prices and the state of domestic demand. Oil prices are not likely to increase soon or dramatically. Commodity prices too remain quiescent. On the demand side, slowing growth in China and a shift in the composition of this growth away from energy-intensive manufacturing will help keep oil prices soft. On the supply side, although the sharp decline in prices has reduced capacity in the oil sector, that capacity is more price elastic than in the past because of the shale oil revolution; moreover, Iranian oil is coming on stream further moderating oil prices. If oil and commodity prices remain soft, and macro-economic policy as prudent as it has been since the government assumed office, India's external and price outlook should remain manageable.

1.38 The outlook for prices will also depend on the output gap or the slack in the economy that will act as a buffer against price increases. Declining nominal GDP growth as well as capacity under- utilization in important sectors suggest that the output gap has not narrowed. This should serve to moderate future price increases.

Policy Implications

1.39 Because macro-economic stability is being steadily consolidated, it is real economic activity that requires policy attention. The cumulative effect of ongoing and planned structural reforms—the liberalization of FDI, progress in reducing the costs of doing business, cleaning up the legacy of tax issues, the new bankruptcy law, and the possible implementation of the GST—should continue to add to the supply capacity of the economy and boost long-run growth. There can be no relenting in the pace and direction of supply-side reforms whose benefits are, and will be, unambiguous in direction and substantial in magnitude, even if not necessarily early in impact.

² We use ITC Trade Map data to calculate the share of export partners in goods; we use NASSCOM data on share of partner countries in India's exports of IT-services, and apply this to all commercial services. We use IMF WEO data for GDP growth rates between 2014 and 2016.

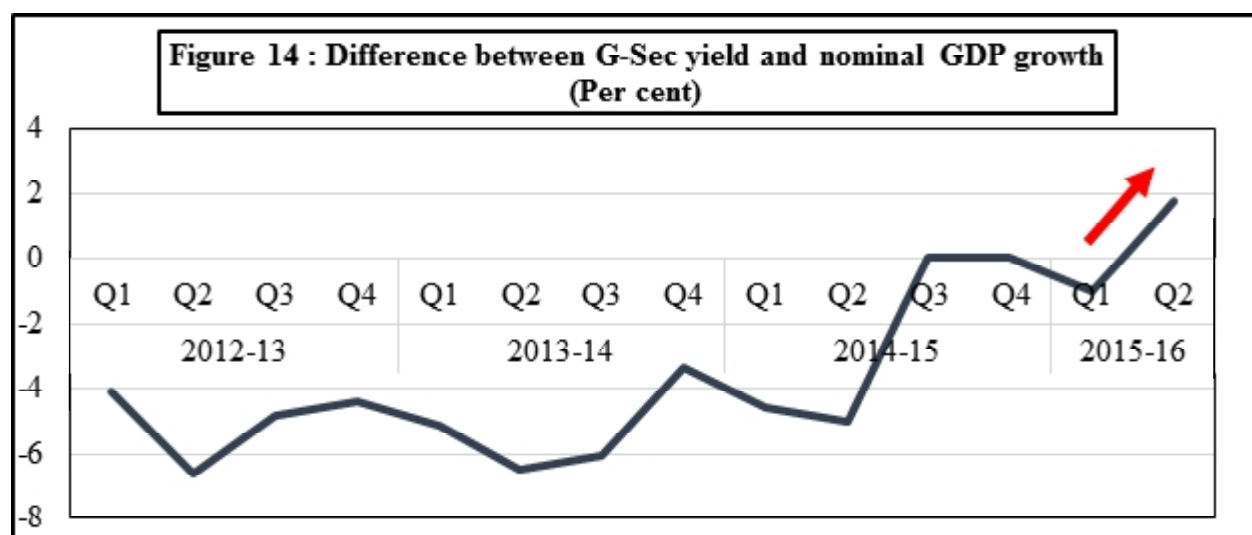
1.40 But in some ways, data uncertainty and the mixed signals sent by the economy suggest that more attention should be paid to the demand side of the economy. The sharp and continuing decline in nominal GDP growth, as well as the fact that the economy is powered only by private consumption and public investment—is a cause for concern.

1.41 Declining nominal GDP growth and the challenges to the outlook for real GDP growth raises questions about the appropriate role for fiscal and monetary policy.

1.42 The fiscal outlook for next year is looking challenging: the 7th Pay Commission is expected to add an additional 0.65 per cent of GDP to expenditure; additional pension obligations may also be incurred; given the continuing weakness of private investment, public investment may need to be preserved and even accelerated in order to fill-in for and indeed crowd-in private investment; unless, buoyancy gains continue to be registered, declining nominal GDP growth will place a stress on revenue collections; and at the same time, absent policy choices, the subsidy gains from declining international prices will not be available. It is, in this context, that the government's commitment to further fiscal consolidation of 0.4 per cent of GDP needs to be re-assessed.

1.43 Recent international experience from Europe and elsewhere has shown that fiscal multipliers tend to be large especially at a time of contracting nominal GDP. Consolidation of the magnitude contemplated by the government, unless there are large offsetting factors from lower borrowing costs from consolidation or differential multipliers stemming from the changing composition of expenditures (say from revenue to capital) could weaken a softening economy.

1.44 A stock perspective illustrates the challenging fiscal outlook. Favorable debt dynamics, which India has been a beneficiary of, follows when nominal GDP growth exceeds the government's cost of borrowing measured by the 10-year g-sec rate.³ As Figure 14 illustrates, this wedge has increasingly been turning against the government, and since the middle of 2014-15, this wedge has actually turned positive and now stands at about 2 percent. Unless India starts running primary surpluses, the debt-to-GDP ratio will cease to decline as it has for the last decade.



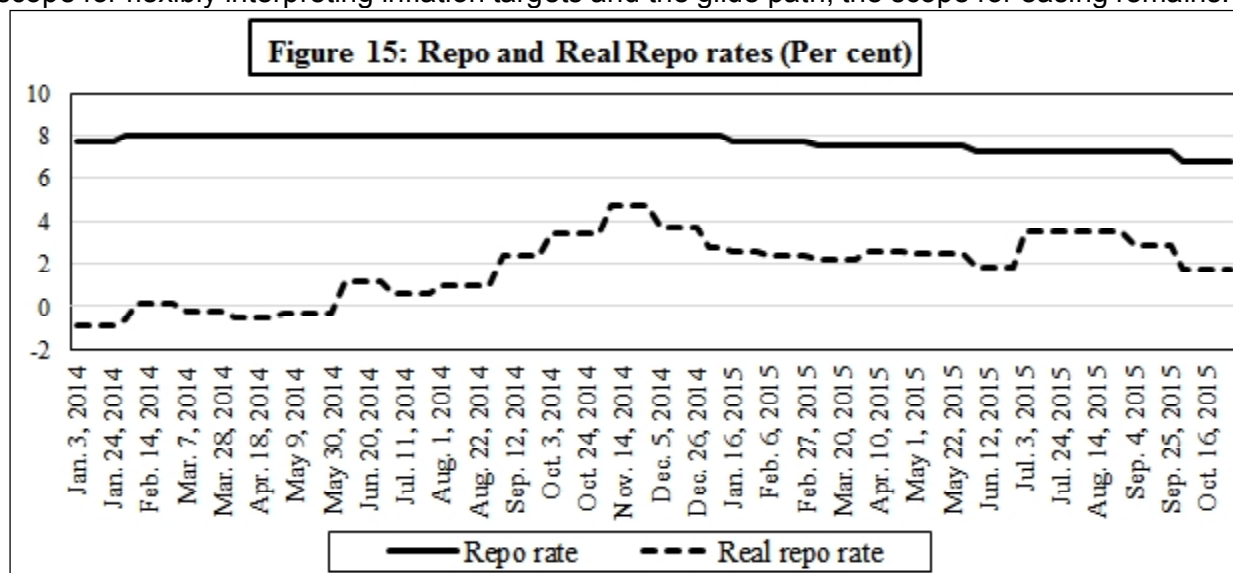
Source : RBI, CSO and MoF.

³ The strict condition for debt to decline for a zero primary balance is for the growth in nominal GDP to exceed the nominal rate of interest.

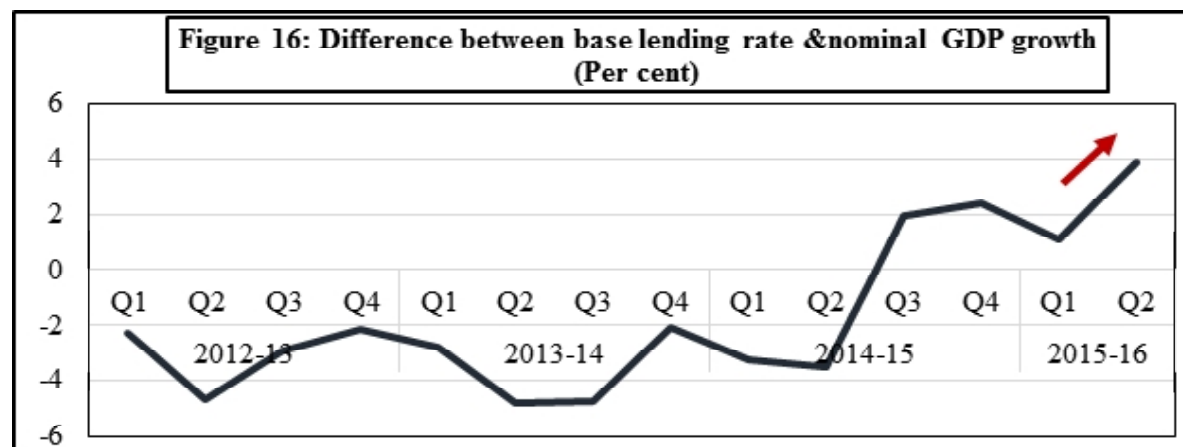
1.45 In any event, the changing macro-economic situation, especially the fall in nominal GDP growth, requires a review of the medium term fiscal framework. What is the appropriateness of procyclical fiscal policy? How should fiscal strategy take account of credibility issues that might arise from a recalibration of fiscal targets? Will higher borrowing requirements from higher deficits raise government borrowing costs? Is it possible to avoid procyclical policy without losing the credibility or crowding-in gains through greater asset sales and/or improving the quality of fiscal expenditure by reducing subsidies and increasing public investment even while re-calibrating the fiscal targets?

1.46 In this same context, how should one assess monetary policy? Figure 15 depicts the nominal and real policy rate over time; while Figure 16 depicts the nominal base lending rate against nominal GDP growth. Figure 16 is a private sector debt dynamics counterpart of the government's own debt dynamic as shown in Figure 14. Here too the wedge has turned positive and now stands at 4 percent. Heavily indebted firms will now increasingly face even more adverse debt dynamics. How can borrowing costs be lowered without jeopardizing the medium term inflation objective? Is there a case for a more gradual glide path or greater flexibility in interpreting the inflation objective?

1.47 If output gaps have narrowed, core inflation is shaped by wage developments for skilled and unskilled services, whose supply elasticity is low, and the inflation glide path is to be rigidly observed, there will be little scope for further monetary easing. However, if low capacity utilization and rapidly declining nominal GDP growth reflect the presence of sizable output gaps, if private sector indebtedness and the attendant financial stability concerns are important, and there is scope for flexibly interpreting inflation targets and the glide path, the scope for easing remains.



Source : RBI



Source : RBI, CSO and MoF.

1.48 In sum, the economy has made considerable progress, but challenges remain. On the positive side, macroeconomic stability has improved considerably, cushioning the economy against possible adverse external shocks, including a decision by the US Federal Reserve to increase interest rates. Meanwhile, the real economy is showing signs of recovery. At the same time, the improvement in growth has been uneven, powered only by private consumption and public investment. For sustainable and rapid medium term growth, private sector investment and exports need to revive. Yet nominal GDP growth has been declining sharply, and the demand outlook going forward is mixed, which runs the risk of intensifying corporate debt burdens and impeding the investment revival that is so urgently needed.

1.49 To move India rapidly to its medium-term growth trajectory, supply side reforms and demand management will be essential. Supply side reforms will help restart the private investment cycle, notably through recognition and resolution of the balance sheet problems of firms and banks as well as creating a clean and favorable tax environment through implementation of the goods and services tax (GST) and planned corporate tax reforms. On aggregate demand, both fiscal and monetary policy stances will need to be carefully re-assessed, to ensure they strike the appropriate balance between the short-term need to spur demand, especially private investment and exports, and the longer-term needs of preserving fundamental macroeconomic stability.

CHAPTER II

CENTRAL GOVERNMENT FINANCES

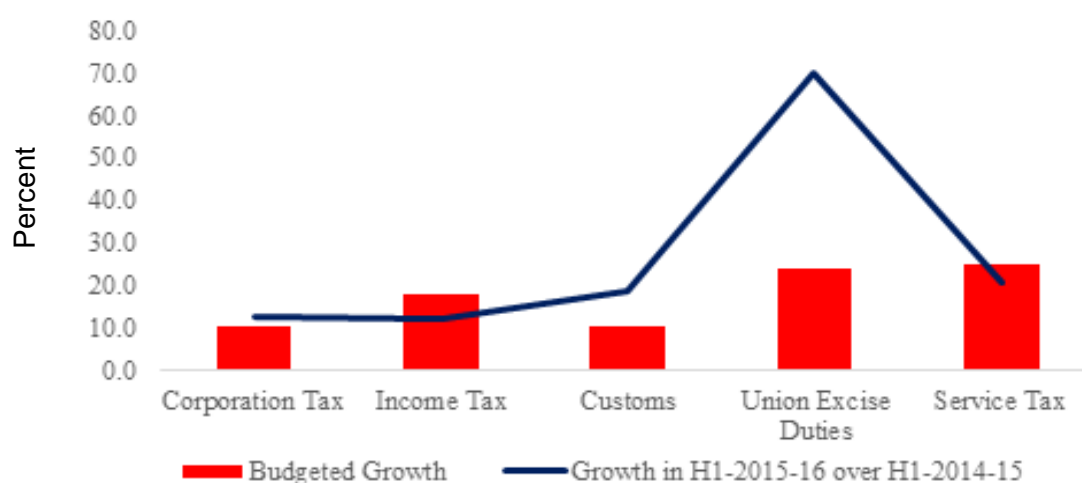
A. REVIEW OF TRENDS IN RECEIPTS AND EXPENDITURE DURING APRIL-SEPTEMBER 2015

Implementation of the 14th Finance Commission (FFC) recommendations has been one of the themes of the Budget 2015-16. As the first year of the 14th Finance Commission Award period resulting in higher devolution of taxes to States, Budget 2015-16 was presented with lower tax resources at the disposal of the Centre. However, the budget size marked an increase of 8.1 per cent over 2014-15 (Provisional [P]). Government's approach of progressively bringing down the deficit has been retained in the Budget 2015-16 despite resource constraints following changes in the revenue sharing ratio.

2.2 The positive indications emanating from the Government's commitment to reforms, favorable situation on account of oil prices and benign inflationary outlook, etc. and pro-active policy decisions of the Government with firm commitment in the policy of fiscal rectitude provided an opportunity to improve the year-end performance in 2014-15. As committed by Government there was a marked improvement in fiscal situation. As per provisional accounts released by Controller General of Accounts (CGA), the fiscal deficit has been contained at 4.0 per cent of GDP in 2014-15 against the budgeted target of 4.1 per cent of GDP.

2.3 The General budget 2015-16 re-affirms Government commitment to carry the process of fiscal consolidation to its logical end. In the fiscal policy of 2015-16, fiscal deficit and revenue deficit has been budgeted at ₹5,55,649 crore (3.9 per cent of GDP) and ₹3,94,472 crore (2.8 percent of GDP) respectively. Effective revenue deficit, which represents the imbalance in revenue account after netting grants used for creation of capital assets has been estimated at ₹2,83,921 crore (2.0 per cent of GDP). In Budget Estimates (BE), 2015-16 the growth in gross tax revenues has been estimated at 16.4 per cent over 2014-15 (P), which implies tax-GDP ratio of 10.3 per cent. The overall growth in expenditure has been estimated at 8.1 per cent over 2014-15 (P), with a growth of 10.2 per cent in non-plan expenditure and 2.6 per cent in plan expenditure.

2.4 During April-September, 2015 gross tax revenues (₹5,96,884 crore) registered a growth of about 21.7 per cent, whereas, revenue receipts (net to the centre) amounting to ₹5,13,369 crore grew by about 22.8 per cent over the respective receipts during corresponding period of previous year (COPPY). Figure 2.1 highlights the growth in tax revenue under different heads in first half (H1) of 2015-16 vis-à-vis budgeted growth in 2015-16. The overall growth in net tax revenue (₹3,69,736 crore) was 14.4 per cent, while, non-tax revenues (₹1,43,633 crore) grew by about 51.7 per cent. Non-debt capital receipts (₹18,613 crore) registered an increase of ₹13,282 crore over COPPY.

Figure 2.1: Budgeted and Realised growth in H1 for major source of tax revenue

Source: Budget 2015-16 and Controller General Of Accounts (CGA)

2.5 On expenditure side, total expenditure (₹9,10,545 crore) was 51.2 per cent of BE at the end of September, 2015, higher than 48 per cent of BE during COPPY. During the same period, non-plan expenditure at ₹6,56,729 crore was 50.0 per cent of BE, marginally lower than 50.5 per cent of BE in COPPY. However, in absolute terms, it increased by ₹40,965 crore. Plan expenditure (₹2,53,816 crore) was 54.6 per cent of BE, significantly higher than 42.8 per cent of BE during COPPY. During April-September, 2015, non-debt receipts were sufficient to cover only about 58.4 per cent of the expenditure resulting in fiscal deficit of ₹3,78,563 crore which was lower by ₹60,263 crore, as compared to ₹438826 crore in COPPY.

2.6 Trends in receipts and expenditure at the end of the second quarter of financial year 2015-16 (April-September, 2015) are summarized in Table-2.1. The figures therein are unaudited and may undergo revision subsequent to audit. The receipts and recoveries, wherever directly linked to expenditure, have been netted out. Further, figures for 2014-15 wherever they appear in this analysis are provisional and unaudited.

B. RECEIPTS

Revenue Receipts

2.7 Revenue receipts (tax revenue net to centre and non-tax revenue) have been estimated at ₹11,41,575 crore in BE 2015-16 reflecting a growth of 3.8 per cent over revenue receipts of ₹10,99,442 crore in 2014-15 (P). Revenue receipts up to September, 2015 were ₹5,13,369 crore (45 per cent of BE), representing a growth of 22.8 per cent over ₹4,17,896 crore in COPPY which was 35.1 per cent of BE. The trend in receipts at the end of second quarter (April-September) during 2012-13, 2013-14, 2014-15 and 2015-16 is shown in Table 2.2.

Table 2.1: Key Fiscal Indicators during April-September

		B.E. 2015-16	ACTUALS		Percentage to BE		
			upto 09/2015	COPPY	upto 09/2015	COPPY	5 years moving average
		₹ in crore					
1.	Revenue Receipts	11,41,575	5,13,369	4,17,896	45.0	35.1	41.3
2.	Tax Revenue (Net)	9,19,842	3,69,736	3,23,191	40.2	33.1	37.6
3.	Non-Tax Revenue	2,21,733	1,43,633	94,705	64.8	44.6	55.8
4.	Capital Receipts (5+6+7)	6,35,902	3,97,176	4,44,157	62.5	73.4	59.9
	Non Debt Capital Receipts	80,253	18,613	5,331	23.2	7.2	14.1
5.	Recovery of Loans	10,753	5,810	5,210	54.0	49.5	58.7
6.	Other Receipts	69,500	12,803	121	18.4	0.2	4.0
7.	Borrowings and other liabilities	5,55,649	3,78,563	4,38,826	68.1	82.6	65.4
8.	Total Receipts (1+4)	17,77,477	9,10,545	8,62,053	51.2	48.0	47.8
9.	Non-Plan Expenditure	13,12,200	6,56,729	6,15,764	50.0	50.5	50.9
10.	On Revenue Account	12,06,027	6,11,379	5,68,202	50.7	51.0	51.4
11.	of which Interest Payments	4,56,145	1,97,653	1,85,670	43.3	43.5	42.9
12.	On Capital Account	1,06,173	45,350	47,562	42.7	45.2	46.4
13.	Plan Expenditure	4,65,277	2,53,816	2,46,289	54.6	42.8	42.0
14.	On Revenue Account	3,30,020	1,70,998	1,94,747	51.8	42.9	42.7
15.	On Capital Account	1,35,257	82,818	51,542	61.2	42.4	38.7
16.	Total Expenditure (9+13)	17,77,477	9,10,545	8,62,053	51.2	48.0	47.8
17.	Revenue Expenditure (10+14)	15,36,047	7,82,377	7,62,949	50.9	48.7	48.7
18.	Of which Grants for creation of Capital Assets	1,10,551	64,874	66,269	58.7	39.4	
19.	Capital Expenditure (12+15)	2,41,430	1,28,168	99,104	53.1	43.7	42.6
20.	Revenue Deficit (17-1)	3,94,472	2,69,008	3,45,053	68.2	91.2	70.1
21.	Effective Revenue Deficit (20-18)#	2,83,921	2,04,134	2,78,784	71.9	132.6	
22.	Fiscal Deficit {16 – (1+5+6)}	5,55,649	3,78,563	4,38,826	68.1	82.6	65.4
23.	Primary Deficit (22-11)	99,504	1,80,910	2,53,156	181.8	243.0	125.6

Source: Controller General of Accounts (CGA)

- Notes:**
1. The figures of Railways have been netted as in Budget Estimates.
 2. COPPY – Corresponding Period of Previous Year.
 3. # Excluding Grants for creation of Capital Assets
 4. Figures are rounded off.

Table 2.2: Total Receipts of the Government (April-September)**(₹crore)**

Sr. No.	Particulars	2012-13	2013-14	2014-15	2015-16
1	Revenue Receipts (3+14)	350888	389904	417896	513369
2	As percentage to Budget Estimates	37.5	36.9	35.1	45.0
3	Tax Revenue (Net)	293812	307589	323191	369736
4	Corporation Tax	142965	153728	162269	182635
5	Taxes on income other than Corporation Tax	82598	97773	109412	122424
6	Other Taxes	2509	2740	3730	4070
7	Total Direct Taxes (4+5+6)	228072	254241	275411	309129
8	Customs	78557	83027	87408	103625
9	Union Excise Duties	67424	61928	60547	103008
10	Service Tax	49103	57102	65201	78735
11	Other Taxes	1740	1874	2051	2387
12	Total Indirect Taxes (8+9+10+11)	196824	203931	215207	287755
13	Total Gross Tax Revenue (7+12)	424896	458172	490618	596884
14	Non-Tax Revenue	57076	82315	94705	143633
15	Capital Receipts (16+19)	343131	419146	444157	397176
16	Non Debt Capital Receipts (17+18)	6227	7058	5331	18613
17	Recovery of Loans	4855	5579	5210	5810
18	Other Receipts	1372	1479	121	12803
19	Borrowings and other liabilities	336904	412088	438826	378563
20	Total Receipts (1+15)	694019	809050	862053	910545

Source: Controller General of Accounts

Gross Tax Revenue

2.8 Gross tax revenue receipts have been estimated at ₹14,49,491 crore in BE 2015-16 reflecting a growth of 16.4 per cent over gross tax revenue receipts of ₹12,45,037 crore in 2014-15 (P). Gross tax revenue receipts during April - September, 2015 were ₹5,96,884 crore which were 41.2 per cent of BE (COPPY 36 per cent) and reflected a growth of 21.7 per cent over COPPY.

Direct Taxes

2.9 Direct tax receipts during April-September 2015 were ₹3,09,129 crore accounting for 38.7 per cent of BE and these were 12.2 per cent higher than receipts of COPPY. Receipts under two major components of direct taxes viz. Corporation tax and Taxes on Income other than Corporation tax, during April-September 2015 were ₹3,05,058 crore. Performance of the important components of direct taxes is analysed below.

Corporation Tax

2.10 Corporation tax continued to be the largest component of total tax revenue accounting for at ₹4,70,628 crore in BE 2015-16 and it reflects a growth of 9.7 per cent over 2014-15 (P). During April-September 2015, receipts under this component were ₹1,82,635 crore which was 38.8 per cent of BE and 12.6 per cent higher than the receipts of ₹1,62,269 crore during COPPY.

Taxes on Income other than Corporation Tax

2.11 In BE 2015-16, receipts under this component of direct taxes were estimated at ₹3,20,836 crore in reflecting a growth of 24.2 per cent over 2014-15 (P). Receipts of ₹1,22,424 crore during April-September, 2015 were 38.2 per cent of BE and 11.9 per cent higher than receipts of ₹1,09,412 crore during COPPY.

Indirect Taxes

2.12 Indirect tax receipts including receipts from other taxes (which mainly consists of taxes of UTs) were estimated at ₹6,51,496 crore in BE 2015-16. The receipts were ₹2,87,755 crore during April-September, 2015 accounting to 44.2 per cent of BE and shows an increase of 33.7 per cent over COPPY. Performance of the important components of indirect taxes is analysed in the following paragraphs.

Customs

2.13 In 2015-16, receipts from Customs have been budgeted at ₹2,08,336 crore reflecting a growth of 10.8 per cent over receipts of ₹1,88,013 crore during 2014-15(P). Against this target, receipts from Customs were ₹1,03,625 crore during April-September 2015, which were 49.7 per cent of BE and 18.6 per cent higher than receipts during COPPY.

Union Excise Duties

2.14 BE 2015-16 for Union Excise Duties is ₹2,29,809 crore, reflecting a growth of 21.6 per cent over receipts of 2014-15 (P). During April-September, 2015, the receipts under this component were ₹1,03,008 crore, which were 44.8 per cent of BE and 70.1 per cent higher than the receipts during COPPY.

Service Tax

2.15 In 2015-16, receipts from Service tax have been budgeted to increase by 24.9 per cent to ₹2,09,774 crore over 2014-15(P). During April-September, 2015 these receipts were ₹78,735 crore or 37.6 per cent of BE, thus registering a growth of 20.8 per cent over the receipts of ₹65,201 crore during the COPPY.

Non Tax Revenue

2.16 Non-tax revenue has been estimated at ₹2,21,733 crore in BE 2015-16 with a growth of 12.6 per cent over 2014-15 (P). Receipts from non-tax revenues at the end of second quarter of 2015-16 were ₹1,43,633 crore which accounted for 64.8 per cent of BE.

Non-debt Capital Receipts

2.17 Non-debt capital receipts primarily include disinvestment receipts and recovery of loans. During April-September 2015, receipts from recoveries of loans were ₹5,810 crore against the BE of ₹10,753 crore. Receipts from disinvestment, during April- September, 2015 were ₹12,803 crore against the BE of ₹69,500 crore. Overall, non-debt capital receipts during H1 2015-16 were 23.2 per cent of BE.

C. EXPENDITURE

Total Expenditure

2.18 Total expenditure in BE 2015-16 has been estimated at ₹17, 77,477 crore which amounts to 12.6 per cent of GDP and a growth of 8.1 per cent over ₹16,44,761 crore in 2014-15 (P). The expenditure during April-September 2015, was ₹9,10,545 crore accounting for 51.2 per cent of BE, higher as compared to 48 per cent of BE during COPPY and five years average (47.8 per cent of BE).

2.19 The revenue expenditure for 2015-16 was budgeted at ₹15,36,047 crore, which is 10.9 per cent of GDP and is higher by 5.4 per cent over of 2014-15 (P). During April-September, 2015, expenditure on revenue account was ₹7, 82,377 crore which was 50.9 per cent of BE as compared to 48.7 per cent of BE during April-September 2014. The trends in Central Government's expenditure are presented in Table 2.3.

2.20 Capital expenditure for 2015-16 has been budgeted at ₹2,41,430 crore with a growth of 29.1 per cent over 2014-15 (P). During April-September, 2015, capital expenditure was ₹1,28,168 crore which was 53.1 per cent of BE. The importance of public investment has been emphasized by the government in the Budget 2015-16 and Economic Survey 2014-15, following which the capital expenditure has picked up sharply in H1 of 2015-16 over COPPY (Figure 2.2).

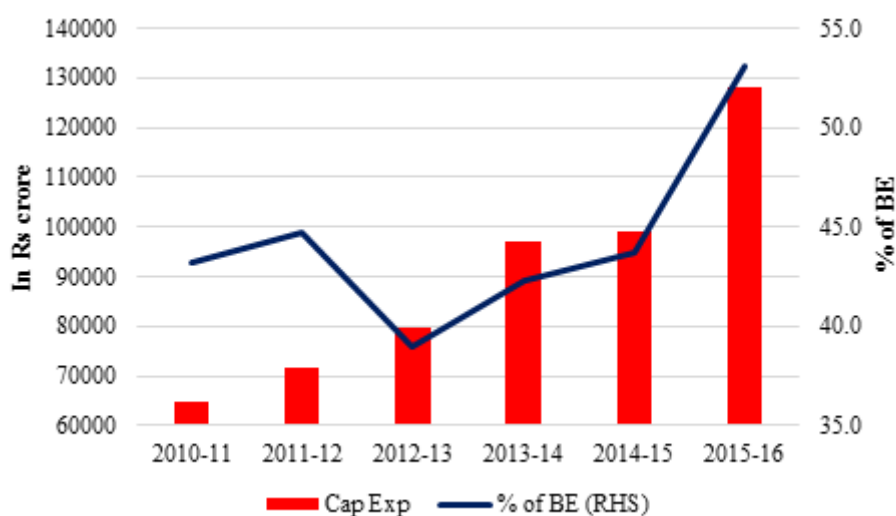
Plan Expenditure

2.21 Plan Expenditure in BE 2015-16 has been estimated at ₹4,65,277 crore reflecting a growth of 2.6 per cent over 2014-15 (P). Expenditure of ₹2,53,816 crore during April-September, 2015 accounted for 54.6 per cent of BE, which was higher when compared to 42.8 per cent of BE during COPPY.

Non Plan Expenditure

2.22 The non-plan expenditure was estimated at ₹13,12,200 crore in B.E. 2015-16, which amounts to 73.8 per cent of total expenditure for the year and reflects a growth of 10.2 per cent over 2014-15 (P). Non-plan expenditure at the end of second quarter of 2015-16 was ₹6,56,729 crore, which accounted for 50 per cent of BE, as compared to 50.5 per cent of BE during COPPY.

Figure 2.2: Capital Expenditure in H1



Source: Controller General Of Accounts (CGA)

Table 2.3: Total Expenditure of the Central Government (April–September)**(₹ crore)**

	2012-13	2013-14	2014-15	2015-16
Plan Expenditure	202740	236116	246289	253816
As percentage of BE	38.9	42.5	42.8	54.6
On Revenue Account	167499	193018	194747	170998
On Capital Account	35241	43098	51542	82818
Non-Plan Expenditure	491279	572934	615764	656729
As percentage of BE	50.7	51.6	50.5	50.0
On Revenue Account	446673	519163	568202	611379
Of which Interest Payments	131165	160027	185670	197653
On Capital Account	44606	53771	47562	45350
Total Expenditure	694019	809050	862053	910545
As percentage of BE	46.5	48.6	48.0	51.2
Revenue Expenditure	614172	712181	762949	782377
Of which Grants for creation of Capital Assets	50656	69518	66269	64874
Capital Expenditure	79847	96869	99104	128168

Source: Controller General of Accounts

2.23 In BE 2015-16, 85.9 per cent of total non-plan expenditure amounting to ₹11,27,411 crore has been budgeted for interest payments, defence, pensions, major subsidies and grants & loans to States/UTs. The expenditure on these items during April–September, 2015 is shown in Table 2.4.

Table 2.4- Non-plan Expenditure under Major Heads**(₹ crore)**

Item of Expenditure	BE 2015-16	Expenditure upto Sept. 2015	COPPY	Increase(+) / Decrease (-)
Interest Payments	4,56,145	1,97,653	1,85,670	11,983
Defence	2,46,727	1,04,554	1,02,021	2,533
Major Subsidies	2,27,388	1,40,259	1,60,133	(-) 19,874
Pension	88,521	55,171	46,206	8,965
Grants & Loans to State/UTs	1,08,630	52,992	24,324	28,668

Source: Controller General of Accounts

2.24 Major subsidies have declined by nearly ₹20,000 crore in April–September 2015 vis-a-vis COPPY mainly on account of reduction in petroleum subsidy by ₹34,510 crore over COPPY. On the other hand, there has been an increase in food subsidies by ₹7,391 crore and fertilisers subsidies of almost similar magnitude over COPPY.

D. RESOURCES TRANSFERRED TO STATES/UTS

2.25 Against the BE of ₹8,42,963 crore for net transfer to State and UT Governments in 2015-16, the actual resources transferred up to September, 2015 were ₹3,90,994 crore (46.4 per cent of

BE) which reflected a growth of 17.6 per cent over net resources of ₹3,32,607 crore transferred during COPPY.

E. DEFICIT

2.26 Fiscal deficit till September, 2015 was ₹3,78,563 crore which amounts to 68.1 per cent of the BE 2015-16. This is lower than 82.6 per cent of BE during COPPY but, close to five years' average of 65.4 per cent. The total expenditure of the Government till September, 2015 was ₹9,10,545 crore (51.2 per cent of BE); on the other hand, non-debt receipts were ₹5,31,982 crore (43.5 per cent of BE). Therefore, the receipts were sufficient to cover only 58.4 per cent of the expenditure.

2.27 Revenue deficit for April-September, 2015 was ₹2,69,008 crore as against the budget estimates of 2015-16 of ₹3,94,472 crore. Thus, Revenue deficit was 68.2 per cent of BE, lower than 91.2 per cent of BE during COPPY. Trends in various deficit indicators in both actuals as well as in terms of percentage of BE up to the second quarter of respective financial years are shown below in Table 2.5.

Table 2.5: Deficit Indicators of the Central Government (April - September)

	2012-13	2013-14	2014-15	2015-16
Revenue Deficit (₹ crore)	263284	322277	345053	269008
As percentage to BE	75.1	84.8	91.2	68.2
Effective Revenue Deficit (₹ crore)	212628	252759	278784	204134
As percentage to BE	114.5	123.2	132.6	71.9
Fiscal Deficit (₹ crore)	336904	412088	438826	378563
As percentage to BE	65.6	76.0	82.6	68.1
Primary Deficit (₹ crore)	205739	252061	253156	180910
As percentage to BE	106.1	146.7	243.0	181.8

Source: Controller General of Accounts

Financing of deficit

2.28 The fiscal deficit of ₹3,78,563 crore on Consolidated Fund of India in the H1 of 2015-16 was financed by raising internal debt of ₹2,43,244 crore, external debt of ₹1,635 crore, ₹36,694 crore of Public Account and disinvestment/cash draw down of ₹96,990 crore (Table 2.6).

Table 2.6: Financing of Deficit

	April-Sept.2014	April-Sept.2015
Fiscal Deficit	438826	378563
Sources of Financing		
Internal Debt	286102	243244
(a) Market Loans & Short Term Borrowings	315214	266562
(b) Treasury Bills (14 days)	-24852	-20853
(c) Compensation and other Bonds	-50	-1322
(d) Others	-4210	-1143
External Assistance including Revolving Fund	3136	1635
Cash Draw Down Decrease (+)/Increase (-)	63674	7601
Investment of Surplus cash (-)/disinvestments (+)	30251	89389
Borrowing (-)/Surplus (+) on Public Account *	55663	36694

*Includes Suspense & Remittances

Source: Controller General of Accounts

2.29 Gross and net market borrowings during the H1 of 2015-16 amounted to ₹3,51,000 crore and ₹2,14,072 crore respectively and they accounted for 58.5 per cent and 46.9 per cent of the estimated market borrowings for the year respectively. During COPPY, gross and net borrowings accounted for 58.7 per cent and 60.0 per cent of budget estimates, respectively. The weighted average maturity of dated securities issued till the end of H1 2015-16 at 15.8 years was higher than 14.4 years during the COPPY. The weighted average yield of dated securities issued was 7.94 per cent in April-September 2015, as compared to 8.81 per cent during the first two quarters of F.Y. 2014-15.

Cash Management

2.30 Government began the year 2015-16 with an investment surplus of ₹1,57,183 crore and cash balance of ₹7,611 crore. The first half of the financial year 2015-16 ended with an investment surplus of ₹67,794 crore and cash balance of ₹10 crore. The net accretion under National Small Savings Fund upto September 2015 was ₹39,538 crore.

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

2.31 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 70 per cent of the budget estimates for that year; or
- (iii) The revenue deficit is higher than 70 per cent of the budget estimates for that year.

2.32 The outcome in the H1 2015-16 is in conformity with the mid-year benchmark of non-debt receipts, fiscal deficit and revenue deficit. The details are shown in Table 2.7.

Table 2.7: Outcome versus mid-year benchmarks under FRBM rules

(Percent)

Variable	Performance benchmarks under FRBM Rules	April-September (of BE)				
		2015	2014	2013	2012	2011
Total Non-Debt Receipts	Not Less than 40 of BE	43.5	33.5	35.4	36.5	37.7
Fiscal Deficit	Not more than 70 of BE @	68.1	82.6	76.0	65.6	68.0
Revenue Deficit	Not more than 70 of BE @	68.2	91.2	84.8	75.1	72.2

@ Revised FRBM Rule (The FRBM (Amendment) Rules, 2015) notification dated June 25, 2015 and published in Gazette of India on July 1, 2015.

2.33 Government is continuously monitoring the emerging economic scenario and is taking measures for reviving growth. Government is committed to carry the process of fiscal consolidation to its logical end. Fiscal consolidation has been designed with judicious mix of rationalization of

total expenditure as a percentage of GDP and improvement in gross tax revenues as a percentage of GDP. To mobilize higher amount of resources, Government has been taking administrative and technological measures. Government is also making concerted efforts for passing of Goods and Service taxes bill by Parliament. On the expenditure side, measures initiated by Government for expenditure management, fiscal prudence, subsidy reforms, direct benefits transfer (DBT) are underway and incremental benefits are likely to accrue in later part of the financial year.

G. CONCLUSION

2.34 The General budget 2015-16 re-affirms Government's commitment to carry the process of fiscal consolidation to its logical conclusion. In the fiscal policy of 2015-16, fiscal deficit has been budgeted at 3.9 per cent of GDP. At the end of the second quarter of 2015-16, there is marked improvement in fiscal parameters when compared to corresponding period of the previous financial year. The outcome in the H1 2015-16 is in conformity with the mid-year benchmark of non-debt receipts, fiscal deficit and revenue deficit.

CHAPTER III

OVERVIEW OF THE ECONOMY

ECONOMIC GROWTH

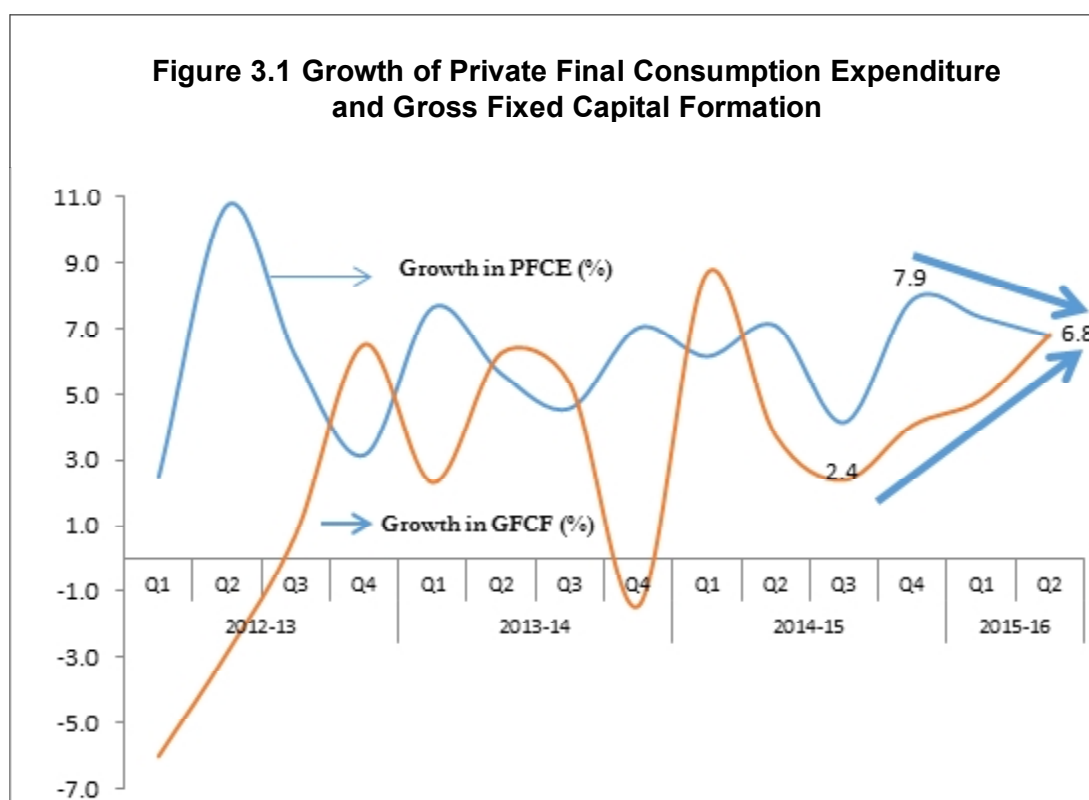
The Indian economy continued to exhibit resilience and the strength of its domestic absorption to register a growth of 7.2 per cent during the first half (H1) of 2015-16. That this has been attained, despite the highly tentative global economic environment that has not shown credible signs of improvement and despite sub-par monsoon rains that for the second year in succession resulted in low growth in agriculture sector, is an encouraging development. Economic growth, measured in terms of growth in GDP at constant market prices (real GDP), improved from 7.0 per cent in the first quarter (Q1) of 2015-16 to 7.4 per cent in Q2 2015-16. In addition to robust growth, the year thus far has witnessed macro-economic stability aided by favourable factors such as comforting inflation indicators, benign fiscal situation and improving external current account balance. All these factors have resulted in India emerging as the fastest growing economy among the large economies, and, most agencies have predicted that it will continue to remain so in the medium term. With the reforms process gathering momentum, along with low inflation which should help in keeping a benign interest rate regime, one can expect the full year growth of real GDP to be in the range of 7 and 7.5 per cent.

Table 3.1 Growth of GDP and its components (per cent)

	2014-15				2015-16	
	Q1	Q2	Q3	Q4	Q1	Q2
Total consumption	5.3	7.4	7.1	5.5	6.3	6.5
GFCE	1.6	8.9	27.6	-7.9	1.2	5.2
PFCE	6.2	7.1	4.2	7.9	7.4	6.8
GFCF	8.7	3.8	2.4	4.1	4.9	6.8
Exports of goods and services	9.1	-2.0	-0.3	-8.2	-6.5	-4.7
Imports of goods and services	-3.6	1.1	2.8	-8.7	-5.4	-2.8
GDP	6.7	8.4	6.6	7.5	7.0	7.4

Source : Central Statistics Office

3.2 Growth in consumption expenditure, particularly in private final consumption expenditure (PFCE) has been the major driver of the overall real GDP growth in the last few quarters (Table 3.1). However, as can be seen from Figure 3.1, the most visible change on the demand side is the pick-up in the growth of the gross fixed capital formation (GFCF) at constant prices. Figure 3.1 shows that the growth in GFCF has been gradually improving since Q3 2014-15. The growth contribution of GFCF has increased more than 10 percentage points (from 14.2 per cent to 24.5 per cent), moving from H2 2014-15 to H1 2015-16. This indicates that the ensuing growth is likely to be more investment-driven and that the reliance of economic growth on consumption buoyancy may gradually diminish.



Source : Central Statistics Office

3.3 Despite improvement in capital formation, the current (H1 2015-16) of GFCF to GDP ratio (that approximates the investment rate) is 28.1 per cent. This is almost three percentage points lower than the average rates recorded during 2011-12 to 2014-15. With the combined capital expenditure of the Centre and the States increasing by 27.4 per cent (in current prices) during H1 2015-16, it is clear that the improvement in GFCF in the first half is mostly on account of public capital formation. It is seen from the April-June Round of the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) of the Reserve Bank of India that the capacity utilization in the manufacturing sector has improved in Q1 2015-16 over the corresponding quarter of the previous year. Reforms initiatives could provide the stimulus to demand for fresh investment, which should translate into greater private investment-which perhaps was the single most important factor that brought about the growth transformation of India in the last decade.

3.4 The growth rate of Gross Value Added (GVA) at basic prices for the first half of the current year is also estimated to be 7.2 per cent. The rate of growth of GVA at current prices has been lower than the real GVA growth, mainly on account of the fact that inflation in terms of implicit GVA deflator is based on change in the wholesale price index (which was negative during H1 2015-16) for a significant component of GVA.

3.5 At the sectoral level, manufacturing sector has registered robust growth clocking over 7 per cent growth in five of the last six quarters ending Q2 2015-16. The current growth scenario with its sectoral disaggregation is presented in Table 3.2.

Table 3.2 Growth in GVA and GDP at constant (2011-12) prices (per cent)

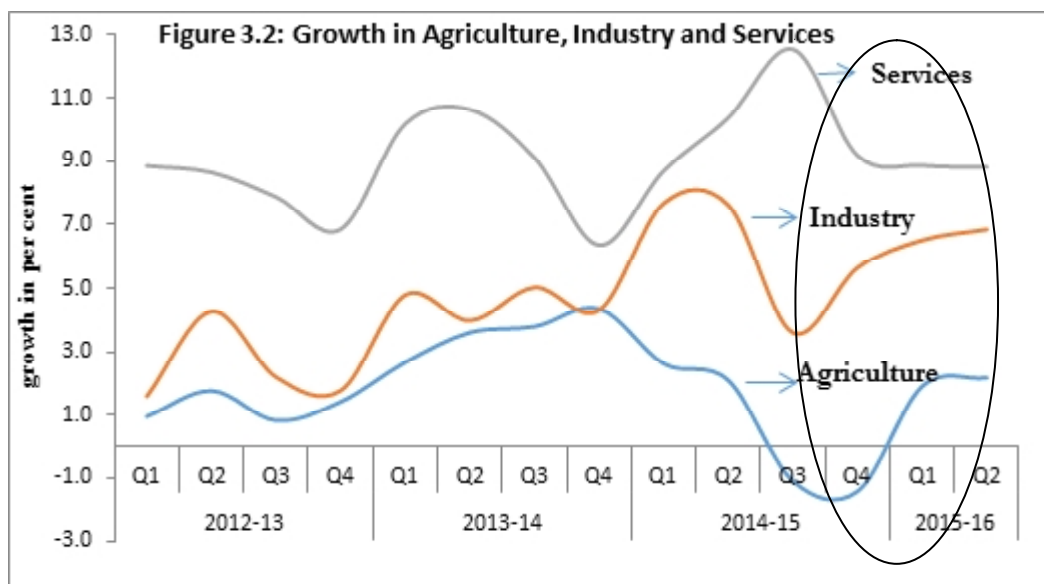
Item	2014-15				2015-16		
	Q1	Q2	Q3	Q4	Q1	Q2	H1
Agriculture, forestry & fishing	2.6	2.1	-1.1	-1.4	1.9	2.2	2.0
Mining & quarrying	4.3	1.4	1.5	2.3	4.0	3.2	3.6
Manufacturing	8.4	7.9	3.6	8.4	7.2	9.3	8.2
Electricity, gas, water supply etc	10.1	8.7	8.7	4.2	3.2	6.7	5.0
Construction	6.5	8.7	3.1	1.4	6.9	2.6	4.7
Trade, hotels, transport, communication	12.1	8.9	7.4	14.1	12.8	10.6	11.7
Financial, real estate & professional services	9.3	13.5	13.3	10.2	8.9	9.7	9.3
Public administration, defence and others	2.8	7.1	19.7	0.1	2.7	4.7	3.7
GVA at Basic Prices	7.4	8.4	6.8	6.1	7.1	7.4	7.2
GDP	6.7	8.4	6.6	7.5	7.0	7.4	7.2

Source : Central Statistics Office

3.6 The details of the emerging sectoral trends subsumed under the GDP growth of 7.2 per cent in H1 2015-16 are as follows:

- (i) **Agriculture and allied sectors:** The production of cereals, pulses and oil seeds had declined during the last Rabi season which ended in June 2015. During the current Kharif season, the production of cereals and pulses again contracted by 1.8 per cent and 1.1 per cent respectively, while oilseeds grew by 8.5 per cent. Nonetheless, the livestock products, forestry and fisheries which together constitute more than one-third of the GVA of the agriculture and allied sectors grew by 6 per cent each in Q1 and Q2 2015-16, providing support to raising rural incomes.
- (ii) **Mining and quarrying:** The major listed mining companies in the private corporate sector grew by 8 per cent and 5.4 per cent respectively at current prices in Q1 and Q2 2015-16. The key constituents of mining sector, namely, production of coal, crude oil and natural gas grew by 0.9 per cent, 1.7 per cent and 0.5 per cent during Q2 2015-16. Coal had grown by 7.3 per cent in Q1 2015-16. The mining sector, thus, needs to gain momentum to keep pace with the increasing requirements of the economy.
- (iii) **Manufacturing:** The factory sector has achieved encouraging results in H1 2015-16. The private corporate sector has a share of around 65 per cent in manufacturing while individual proprietorship and partnerships and khadi & village industries constitute another 26 per cent. The corporate manufacturing is estimated to have grown by 7.9 per cent and 8.1 per cent respectively at current prices during Q1 and Q2 2015-16. IIP manufacturing registered growth rates of 3.6 per cent and 4.6 per cent respectively during Q1 and Q2 2015-16.
- (iv) **Construction:** Construction activity could not maintain its pace during Q2 2015-16, as compared to Q1. The slackness in organized construction in Q2, is estimated to have been partially compensated by the estimated robust growth of 10 per cent in unaccounted construction (with a share of 12 per cent in total construction) and this resulted in very modest overall growth rate in the sector.

- (v) Trade, hotels and transport & communication: The trade and transport sector, that to a great extent captures the strength in economic activity, kept strong pace of growth during H1 2015-16. The growth in sales tax collection, the key indicator for internal trade dynamics, stood at 9.4 per cent in Q1 2015-16 and 6.1 per cent in Q2 2015-16. The private corporate sector in the hotels and restaurants segment of services grew by 24.8 per cent at current prices during Q1 of 2015-16. Among the cargo transport services, rail, air and port cargo are yet to show sustained growth. The sale of commercial vehicles, representing changes in road cargo, picked up from 3.6 per cent in Q1 2015-16 to 10.7 per cent growth in Q2.
- (vi) Financial, insurance, real estate and professional services: The real estate and professional services constitute the bulk of this segment of services. At current prices, the corporate entities in the real estate sector recorded growth rates of 3.0 per cent and 3.6 per cent, while computer related activities grew by 7.5 per cent and 15.6 per cent, respectively during Q1 and Q2 2015-16. The financial sector indicators, viz., aggregate bank deposits and bank credit have shown nominal growth rates of 10.7 per cent, and 9.1 per cent, respectively as on September 2015.
- (vii) Public administration and defence and other services: The Union Government expenditure net of interest payments grew by 4.2 per cent and 1.2 per cent respectively during Q1 and Q2 2015-16.



Source : Central Statistics Office

3.7 Figure 3.2 above summarizes the emerging sectoral trends and suggests that though services are still the growth drivers, the industrial sector, led by manufacturing, is likely to also propel economic growth in the coming quarters. Moving from H2 2014-15 to H1 2015-16, the contribution of manufacturing sector to overall growth increased from 16.8 per cent to 21.0 per cent while the contribution of services declined from 81 per cent to 66.8 per cent, owing primarily to the decline in the contribution of public administration, defence and other services. Further strengthening of the industrial sector, transmitting positive spillovers to primary and tertiary sectors through substantial backward and forward linkages, is central to sustaining the emerging economic recovery.

3.8 The country has witnessed robust growth, low inflation, manageable current account deficit and prudent fiscal management in the first half of the current year. However, low inflation has also meant that the GDP growth in nominal terms is lower than what was projected at the time of preparing the Budget. This, along with lower than expected receipts from disinvestment proceeds, could make the achievement of fiscal targets challenging. On the other hand with investment momentum building up, thanks to ongoing reforms as well as accommodative monetary policy,

there is a likelihood of the growth prospects in the second half of the year being as good as in the first half. This could also be helped by lower global commodity prices, particularly petroleum crude. Downward risks to better growth prospects come from not-so-favourable global economic environment and other related spill overs.

AGRICULTURE AND FOOD MANAGEMENT

3.9 One of the imponderables to the economic outlook for India has been the dependence of agriculture on the monsoon rainfall with more than 68 per cent of India's arable land under rain fed agriculture. As the rainfall data in the monsoon season was none too comforting, the agricultural outlook initially for the year was not sanguine. In the event, the actual outcome as per estimates of GDP for the second quarter (July-September) of 2015-16 of a 2.2 per cent growth agriculture and allied sector was reassuring indicating the robustness of the sector. The robustness of the sector in part, owe to diversification process to non-crop agricultural activities and value addition thereon. This is evident from the fact that while the national accounts disaggregated data (available only annually) indicated an overall growth of above 2 per cent in the Kharif seasons of the current as well as previous year, sectoral data on crop production shows an undulating trend in the two years which falls short of the production achieved in 2013-14.

Area Coverage and Production of Kharif Crops

3.10 As the constraint on increase in area sown cannot be overcome in any significant manner, growth in agricultural output has to be based on compositional shifts and productivity gains. During 2015-16, area sown upto September 18, 2015 under all kharif crops taken together was 1021.9 lakh hectares as compared to 1005.8 lakh hectares in the corresponding period of last year and it was higher than 2014-15 by 1.6 per cent (Table 3.3). However the comparative position of 1st Advance Estimates (AE) for 2015-16 vis-à-vis 4th AE of kharif crops 2014-15, shows that the total area sown under kharif crops has declined by 2.8 per cent which would have an impact on production.

Table 3.3. Area Coverage under Kharif Crops as on 18.09.2015

S.No	Crops	Area Sown (in lakh hectares)				% change in 2015-16 (1 st AE) over 2014-15 (As per 1 st AE)	% change in 2015-16 (1 st AE) over 2014-15 (As per 4 th AE)
		2013-14 (1 st AE)	2014-15 (1 st AE)	2014-15 (4 th AE)	2015-16 (1 st AE)		
1	Rice	373.2	371.9	396.5	372.7	0.2	-6.0
2	Pulses	107.7	100.7	97.6	112.4	11.6	15.2
3	Arhar	38.5	36.0	37.1	37.4	3.9	0.8
4	Urad	23.8	25.3	24.3	27.7	9.6	14.0
5	Moong	24.0	21.0	20.2	25.4	20.9	25.7
6	Coarse cereals	195.3	173.9	183.6	182.7	5.1	-0.5
7	Jowar	21.7	18.7	19.6	19.4	4.1	-1.0
8	Bajra	74.7	63.5	71.2	70.4	10.8	-1.1
9	Kharif Maize	82.0	75.6	74.9	76.3	0.9	1.9
10	Oilseeds	192.5	176.7	183.4	182.3	3.1	-0.6
11	Groundnut	43.0	37.0	39.4	35.7	-3.5	-9.4
12	Soyabean	122.2	110.3	110.9	116.2	5.4	4.8
13	Sugarcane	50.3	48.7	51.4	48.8	0.2	-5.1
14	Cotton	113.6	125.8	130.8	115.2	-8.4	-11.9
	Total	1040.9	1005.8	1051.4	1021.9	1.6	-2.8

Source: Directorate of Economics & Statistics, Department of Agriculture, Cooperation and Farmers Welfare

3.11 As per the 1st Advance Estimates (AE) released by the Ministry of Agriculture on September 16, 2015, the estimated production of kharif foodgrains during 2015-16 at 124.1 million tonnes is higher than the production during the corresponding period of previous year of 120.3 million tonnes in 2014-15 and also in relation to the average of the last 5 years. However, as per the 4th AE, the total production of kharif foodgrains during 2014-15 is at 126.3 million tonnes. It indicates that the estimated production of kharif foodgrains (1st AE) during 2015-16 is lower by 1.7 per cent. The production of major kharif crops as per (1st AE) in recent years is at Table 3.4.

Table 3.4: Production of Major Kharif Crops (in Million Tonnes)

S. No.	Crops	2013-14	2014-15	2015-16	Normal Estimates#
		First Adv. Est.	First Adv. Est.	First Adv. Est.	
1	Rice	92.3	88.0	90.6	88.7
2	Total Coarse Cereals	31.0	27.1	27.9	28.5
3	Total Pulses	6.0	5.2	5.6	5.7
4	Total Kharif Foodgrains	129.3	120.3	124.1	123.0
5	Total Oilseeds	24.0	19.7	19.9	20.7
6	Sugarcane	341.8	342.8	341.4	340.7
7	Cotton@	35.3	34.6	33.5	34.6

@ Production in million bales of 170 kg each; # - Normal estimates are the average of the last five years, 2010-11 to 2014-15

Source: Directorate of Economics & Statistics, Department of Agriculture, Cooperation and Farmers Welfare

Distribution of South West Monsoon Rainfall

3.12 Apparently, the level of the agricultural crop output is influenced by rainfall. The South-West monsoon (June-September) in particular is important as it accounts for more than 70% of the annual rainfall. Besides, its spatial distribution and quantum of rainfall determines the incidence of drought or otherwise in the country. The rainfall during the 2015 South-West (SW) Monsoon season (June-September) was 86% of its long period average (LPA). A comparison of the LPA versus actual rainfall during the SW Monsoon shows that 2015 has had generally lower rainfall than in 2014 and 2013 (Table 3.5).

Table 3.5: Long Period Average (LPA) vs. Actual South West Monsoon Season Rainfall (June to September) in 2013, 2014 and 2015

Region	2013			2014			2015		
	LPA (mm)	Rainfall (mm)	Rainfall (% of LPA)	LPA (mm)	Rainfall (mm)	Rainfall (% of LPA)	LPA (mm)	Rainfall (mm)	Rainfall (% of LPA)
All India	886.9	936.7	106	886.9	777.5	88	887.5	760.6	86
Northwest India	615.0	671.8	109	615.0	483.1	79	615.0	510.6	83
Central India	974.2	1195.3	123	974.2	879.7	90	975.5	815.5	84
Northeast India	1437.8	1037.9	72	1437.8	1267.7	88	1437.3	1317.5	92
South Peninsula	715.7	825.6	115	715.7	665.4	93	715.1	605.7	85

Source: Indian Meteorological Department

3.13 As India has diverse regional agro-climatic zones, a comparison of the distribution of the SW monsoon during 2014 and 2015 is important in assessing the impact of monsoons on overall production, the spatial distribution of south west monsoon rainfall shows that 17 subdivisions had deficient rainfall during 2015 in comparison to 12 divisions during the same period in the previous year and 6 divisions in 2013 (Table 3.6). The deficiency in rainfall in 2014 and 2015 explains the lower levels of production in these years relative to the bountiful monsoon in 2013.

Table 3.6. Comparative Spatial Distribution of Southwest Monsoon Rainfall in 36 Meteorological Sub-divisions in 2013, 2014 and 2015

Year / Month	01.06.13 to 30.09.13	01.06.14 to 30.09.14	01.06.15 to 30.09.15
Excess	14	1	1
Normal	16	23	18
Deficient	6	12	17
Scanty	0	0	0
No Rain	0	0	0

Source: Indian Meteorological Department

Price Policy and Marketing of Agricultural Produce

3.14 The level and composition of agricultural output is also influenced by Government's price policy. Substantial hikes in minimum support prices (MSPs) were given in 2012-13 as compared to the previous year. As the relative prices have got somewhat misaligned, there have been demand supply mismatches given that procurement takes place only in two major foodgrains. To correct this bias, since 2013-14 MSPs were increased moderately (Table 3.7) with higher increase for maize, oil seeds and pulses. While cereals production has picked up over the years with assured procurement of wheat and paddy, pulses continue to be a major problem in India with frequent bouts of inflationary spikes owing to demand supply mismatches and limited international supply response notwithstanding the rise in MSPs. The policy with regard to fixation of MSPs should not only be on the basis of such explicit measurable costs, but should go beyond (Box 3.1).

Table 3.7: Minimum Support Prices Fixed in 2015-16 (Crop Year) and percentage changes during previous years

(Rs. per quintal)		% change				
	Commodity	2015-16	12-13/ 11-12	13-14/ 12-13	14-15/ 13-14	15-16/ 14-15
KHARIF CROPS	Paddy Common	1410	15.7	4.8	3.8	3.7
	Paddy (Grade 'A')	1450	15.3	5.1	4.1	3.6
	Jowar-Hybrid	1570	53.1	0.0	2.0	2.6
	Jowar-Maldandi	1590	52.0	0.0	2.0	2.6
	Bajra	1275	19.9	6.4	0.0	2.0
	Ragi	1325	19.9	11.5	0.0	1.1
	Maize	1650	42.9	0.0	3.3	6.5
	Tur (Arhar)	4625	4.1	11.7	1.2	6.3
	Moong	4850	10.0	2.3	2.2	5.4
	Urad	4625	13.2	0.0	1.2	6.3
	Groundnut	4030	37.0	8.1	0.0	0.8
	Sunflower Seed	3800	32.1	0.0	1.4	1.3
	Soyabean (Yellow)	2600	32.5	14.3	0.0	1.6
	Sesamum	4700	23.5	7.1	2.2	2.2
	Nigerseed	3650	20.7	0.0	2.9	1.4
	Cotton (Medium)	3800	28.6	2.8	1.4	1.3
	Cotton (Long)	4100	18.2	2.6	1.3	1.2
RABI CROPS	Wheat	1525	5.1	3.7	3.6	5.2
	Barley	1225	0.0	12.2	4.5	6.5
	Gram	3500	7.1	3.3	2.4	10.2
	Lentil (Masur)	3500	3.6	1.7	4.2	13.8
	Rapeseed/ mustard	3350	20.0	1.7	1.6	8.1
	Safflower	3300	12.0	7.1	1.7	8.2
Source: Commission for Agricultural Costs and Prices (bonus is included wherever applicable)						

Foodgrain Procurement and Stocks in Central Pool

3.15 There has been a build up of large stocks of foodgrains (rice and wheat) in the Central Pool; it was 45.03 million tonnes as on October 1, 2015 vis-à-vis the buffer stock norm of 30.77 million tonnes as on July 1, 2015. 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 73.9 million tonnes on 1st July 2012 to 60.3 million tonnes as on 1st July, 2015, the stocks in central pool are still higher than the buffer norms of 41.1 million tonnes (Table 3.8). The procurement of rice was 12.9 million tonnes as on 20.11.2015 during Kharif Marketing Season 2015-16 and procurement of wheat as on 20.11.2015

was 28.1 million tonnes during Rabi Marketing Season 2015-16. 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.

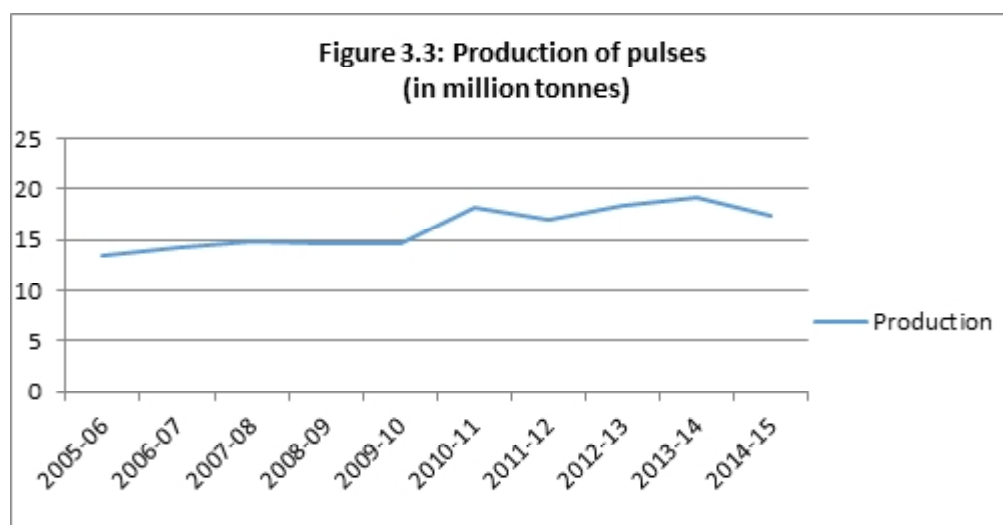
Table 3.8: Actual Stock* and Buffer Norms of Rice and Wheat since 2013
(in lakh tonnes)

Date	Actual Stock	Buffer Norms
1.1.2013	666.0	250.0
1.4.2013	596.8	212.0
1.7.2013	739.1	319.0
1.10.2013	592.4	212.0
1.1.2014	583.7	250.0
1.4.2014	483.9	212.0
1.7.2014	653.4	319.0
1.10.2014	511.9	212.0
1.1.2015	482.4	214.1
1.4.2015	410.4	210.4
1.7.2015	603.5	411.2
1.10.2015	450.3#	307.7
Note: * - Inclusive of unmilled rice # Excludes unmilled rice		
Source : Department of Food and Public Distribution		

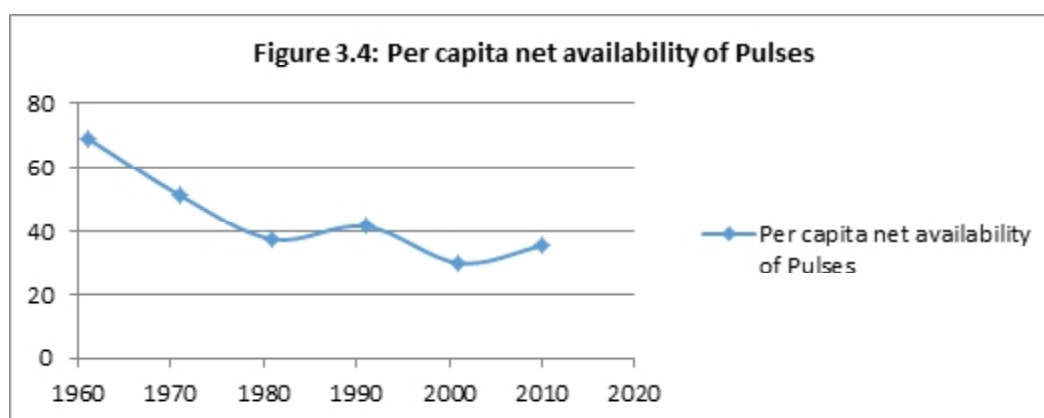
3.16 In keeping with the requirements of foodgrains under the National Food Security Act, buffer stocking norms has been revised from January 2015. In case the stock of foodgrains in the Central Pool exceeds the revised buffer norms, the Department of Food and Public Distribution will offload the excess stock in the domestic market through open sale or through exports.

Pulses Scenario in India

3.17 Pulses form an important constituent of the food basket of the population of India and are an important source of protein. However, the production of pulses has lagged far behind consumption since 1995. The productivity increase in pulses is only 45% between 1951 and 2008 and the area under pulse production grew only 25% during the same period. About 30% of farm produce is wasted every year for want of storage, transportation, cold chain and other infrastructure facilities.



3.18 The shortfall in supply of pulses has compelled the import of pulses on a regular basis in view of its contribution to the spikes in inflation periodically (Box No. 3.2). The production of pulses during 2005-06 to 2014-15 are shown in Figure 3.3.



3.19 The production of pulses has remained almost stagnant within the range of 13 to 19 million tonnes during the period 2005 to 2015. The per capita net availability of pulses (Figure 3.4) has declined from 69 grams/day in 1961 to 35 grams/day by 2010. The minimum support prices for pulses, arhar, moong, urad, gram and masur have been steadily raised by the government in order to support and encourage farmers to cultivate pulses.

3.20 The National Food Security Mission (NFSM) - Pulses launched by the Government is in operation since 2007-08 to increase the production of pulses and attain self sufficiency. Under NFSM, support was provided by the government for breeder and quality seed production as well as training to extension workers and farmers. Under the same scheme, an Accelerated Pulses Production Programme was implemented during 2010-11 to 2013-14 which was subsumed under the NFSM -Pulses since 2014-15. Pulses have also been included in the BGREI (Bringing Green Revolution in Eastern India) from 2015-16 to boost domestic production. The import duty on pulses of 30% was reduced to zero to augment domestic availability of pulses since June 2006.

3.21 In the current scenario, a three pronged strategy focusing on Yield, Insurance and Price 'YIP' can augment domestic production of pulses and India can attain self sufficiency in pulses production.

1. **Yield:** Currently India's yield per hectare for pulses is around 700 kilogram which is much lower than the global yield in pulses. To augment domestic production of pulses and improve productivity, measures need to be taken to control pests and diseases, introduce better variety of seeds, no-till cultivation in rainfed areas to retain moisture and soil fertility.
2. **Insurance:** Weather based price insurance needs to be made more effective for pulses since the climatic risks faced by farmers are very high with erratic rainfall that adversely impacts pulses cultivation. Generating awareness about insurance among farmers has to be of highest priority. As per NSSO (2014) 'Key Indicators of Situation of Agricultural Households in India' the agricultural households not aware of and not insuring their pulses crops are very high at 58% for urad cultivators and 49% for moong. Therefore, it is imperative that the coverage of weather based insurance for pulses is enhanced to bring maximum pulse farmers under the insurance scheme.

3. Price: Timely announcement of MSP is essential to give greater incentives and encourage farmers to grow pulses, while also preventing price shocks in the retail markets.

3.22 Three-fourths of the total pulse area production is in the states of Madhya Pradesh, Maharashtra, Rajasthan, Gujarat, Andhra Pradesh, Karnataka and Uttar Pradesh. With an annual target growth in pulse yield of 6 per cent from these states, India can overcome the shortages in pulse production, as per estimates of Indian Pulse Research Institute.

Agriculture Credit - Enabling Farmers to Deliver Higher Output

3.23 Effective agriculture credit is one of the key drivers of agricultural production. While the short term agriculture credit is required to ensure desired level of crop production leading to food security, long-term agriculture credit is crucial for capital formation and asset creation leading to sustainability and viability of both production and productivity. With the objective of making credit available to farmers, the Government has been fixing targets for flow of credit to agriculture by the banking sector every year. Agriculture credit flow increased from ₹ 5,11,029 crore in 2011-12 to ₹ 7,30,765.61 crore (Prov.) in 2013-14 and ₹ 8,45,328.23 (Prov.) in 2014-15 and has consistently exceeded the target, thus indicative of the concerted efforts of Government. For 2015-16, agriculture credit target has been enhanced to ₹ 8,50,000 crore. The details of targets and the achievements during the last four years is as follows:-

Table 3.9: Agriculture Credit (₹ in crore)

Year	Target	Achievement
2011-12	475,000	5,11,029
2012-13	5,75,000	6,07,375
2013-14	7,00,000	7,30,765.61*
2014-15	8,00,000	8,45,328.23*

* Provisional, Source: Department of Financial Services

- 3.24 The agency-wise targets for the year 2015-16 are as under:

Table 3.10: Agriculture Credit Target for 2015-16 (₹ in crore)

Agency	Target for Crop Loan	Target for Agri Term Loan	Total Target
Commercial Banks	4,00,000	1,90,000	5,90,000
Cooperative Banks	1,05,000	35,000	1,40,000
Regional Rural Banks	90,000	30,000	1,20,000
Total	5,95,000	2,55,000	8,50,000

Source: Department of Financial Services

Box 3.1: Methodology for Fixing Minimum Support Prices

The Government has constituted a Committee to examine the methodological issues for fixing minimum support prices of principal agricultural commodities. The cost estimates of cultivation of production made available through the 'Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops' takes into account annual expenses of cash and kind incurred by the farmers, rent paid, imputed value of farm labour, interest on working capital, interest on owned capital assets (excluding land), rental value of owned land (net of land revenue), depreciation on farm implements, buildings and other miscellaneous expenses. Amongst others, the Committee has suggested changes in methodology on sample design and coverage, computation of interest and rental value, inclusion of post-harvest costs, marketing and transportation for inclusion in the cost of cultivation to fix the Minimum Support Price by CACP.

However, it is important that the cost of cultivation should reflect the 'social' costs of production along with estimates of 'private' costs of production. On incorporating the social costs of production while fixing the MSP, the equation for estimating the cost of production for fixing the MSP will be as follows:

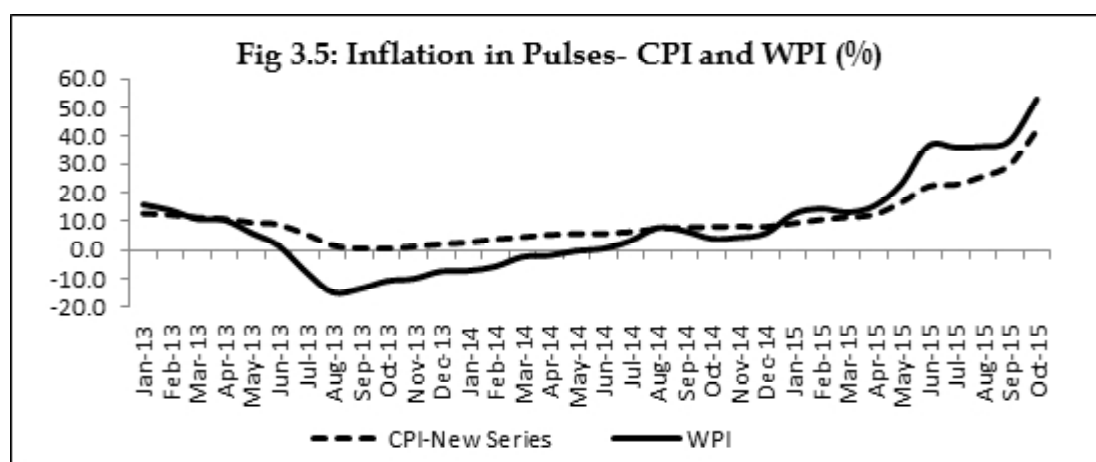
$$\text{Cost of production of crop 'i'} = A2 + FL + SC \text{ (social costs)} = \text{MSP of i} \text{ -----(1)}$$

where A2 refers to all input costs, FL denotes family labour and SC the social costs in terms of environmental damages like loss of soil fertility or positive benefits like nitrogen fixing.

Social costs can be assessed using the method of NRV (Natural Resource Valuation) of cultivation of each specific crop. Net returns based on NRV will reflect the actual costs of production of crops in a specific agro-ecological context. A recent study by Raju, Chand et.al 2015 using unit level data (2010-11) of Punjab found that paddy caused the highest negative externality by producing GHGs (Green House Gases) while peas with its nitrogen fixing potential incurred the minimum GHG costs. By valuating natural resource losses and gains incurred during cultivation of different crops, the study illustrates the significance of assessing the actual benefits and costs of cultivation of different crops that accrue to the society. Therefore, net returns based on NRV need to be accounted for while fixing MSP of crops to indicate the actual costs and benefits to the natural resource system and to incentivise farmers to cultivate environment-friendly crops for sustainable agriculture.

Box 3.2: Price Rise in Pulses

Inflation in pulses has been rising in the current year although general inflation has declined. WPI and CPI inflation in pulses which was low at -10.7 and 0.6 per cent respectively in October 2013 increased to 53 per cent and 42.2 per cent respectively in October 2015. The contribution of pulses to CPI inflation also increased to 19.4 per cent in October 2015 from a low of 0.1 per cent in October 2013.



The total pulses production in the country during 2014-15 is estimated at 17.20 million tonnes as against 19.25 million tonnes in 2013-14, i.e. a fall of 2.05 million tonnes. This is the key cause of the rise in prices of pulses. India is the largest producer of pulses in the world and it is the biggest consumer of pulses with a domestic consumption of around 22 million tonnes per annum. An annual deficit of around 3-4 million tonnes pulses is met from imports from other pulses producing countries like Myanmar, Canada, Australia etc.

With a view to increase the production and availability of pulses, the Union Cabinet has decided to provide a bonus of ₹ 200/- per quintal for pulses over and above the recommendations of the CACP. NAFED, SFAC and FCI are to initiate procurement of pulses (Tur and Urad) in the Kharif 2015 season at prevailing market rates for creation of buffer stocks. Import of pulses has been allowed at zero duty which is valid till 30th September 2016. There is a ban on export of pulses until further orders, except Kabuli Chana and 10,000 MTs of organic pulses and lentils per annum. The future trading in Urad and Tur have been suspended. Further, the Government has imported 5000 MT of Tur from Malawi to augment domestic supply and stabilise prices of pulses.

INDUSTRY AND INFRASTRUCTURE

Industrial sector

3.25 As per the latest national accounts estimates of GDP for the second quarter (July-September) of 2015-16 indicated earlier, manufacturing registered a growth of 9.3 per cent compared to 7.9 per cent in the second quarter of the previous year. This revival in the overall growth of the economy is reflected in the growth of index of industrial production (IIP) as well. While there are better and more reliable indicators of industrial activity available, it is the IIP with its limitations, which is available on a monthly basis with a lag of 42 days and as such is useful in indicating the broad trends.

3.26 In the first half of 2015-16 in terms of IIP, a growth of 4.0 per cent was registered as compared to a growth of 2.9 per cent in the first half of 2014-15, with the second quarter posting better growth rate than the first quarter (Table 3.11). In the manufacturing sector, furniture manufacturing (49.5%), electrical machinery & apparatus (13.3%), wearing apparel, dressing and dyeing of fur (12.3%), motor vehicles (7.9%), coke, refined petroleum products & nuclear fuel (6.2%) basic metals (5.0%) and chemicals & chemical products (4.4%) have experienced higher growth whereas publishing & printing (-7.8%), food products & beverages (-7.3%), and tobacco products (-4.4%) have registered negative growth.

Table 3.11 Growth in broad industrial groups based on IIP

Year	Quarter	Mining	Manufacturing	Electricity	General
	Weight	141.57	755.27	103.16	1000
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	0.5	0.4	9.4	1.3
	Q3	2.1	1.1	9.4	2.0
	Q4	0.3	3.7	3.7	3.3
2015-16	Q1	0.4	3.7	2.3	3.3
	Q2	2.7	4.6	6.8	4.6
April-September					
2014-15		1.7	2.2	10.4	2.9
2015-16		1.5	4.2	4.5	4.0

Source: Central Statistics Office

3.27 The use-based classification facilitates further decomposition of the industrial output data. Capital goods and consumer goods sectors performed comparatively better, intermediate goods, basic goods and non-durables segment of consumer goods registered lower growth during April-September 2015-16 as compared to the corresponding period of the previous year (Table 3.12). Capital goods segment recovered mainly in the second quarter of 2015-16. The contributors to the growth of capital goods are commercial vehicles, plastic machinery, transformers (small), earth moving machinery and aluminium conductor. The growth in the intermediate goods segment slowed down to 2.0 per cent in the first half of the current financial year as compared to 2.3 per cent in the corresponding period of previous year. The slow growth in intermediate segment can be mainly attributed to the lower growth in cotton yarn, steel structures and negative growth in fasteners (High Tensile)/Bolts & Nuts, synthetic yarn, furnace oil and bearings (Ball/Roller).

Table 3.12 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	456.82	88.25	156.86	298.1	84.6	213.47	1000.00
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	7.0	-0.5	1.6	-5.4	-15.5	2.3	1.3
	Q3	8.3	3.2	0.8	-6.4	-20.9	3.2	2.0
	Q4	4.1	9.9	1.4	0.7	-4.7	4.0	3.3
2015-16	Q1	4.7	2.0	1.6	2.5	3.7	1.7	3.3
	Q2	4.2	13.8	2.3	2.4	11.8	-3.4	4.6
April-September								
2014-15		7.8	6.0	2.3	-4.2	-12.5	1.9	2.9
2015-16		4.4	7.9	2.0	2.4	7.6	-0.9	4.0

Source: Central Statistics Office

Major infrastructure sectors and universal intermediaries

3.28 The eight core infrastructure supportive industries, with an overall weight of 37.9 per cent in IIP, registered a year on year growth of 2.3 per cent during April-September, 2015-16 as against the growth of 5.1 per cent during the corresponding period of the previous financial year (Table 3.13). The decrease in growth rate during April-September, 2015 can be attributed to lower growth in electricity, coal and cement sectors and negative growth in steel and natural gas sectors. Refinery products registered positive growth, crude oil sector has shown marginal increase in growth and fertilizers sector has shown an impressive growth in April-September, 2015 as compared to the corresponding period of the previous year.

**Table 3.13 : Trends in Growth of Infrastructure and Universal Intermediaries
(in per cent)**

Industry				April-September	
	2012-13	2013-14	2014-15	2014-15	2015-16
i. Electricity	4.0	6.0	8.2	10.4	4.1
ii. Coal	4.6	1.3	8.5	7.7	4.2
iii. Steel	4.1	11.5	3.5	6.6	-0.4
iv. Crude oil	-0.6	-0.2	-0.9	-1.2	0.4
v. Refinery products	29.0	1.5	0.3	-2.7	3.6
vi. Cement	7.7	3.1	5.6	9.7	1.3
vii. Natural Gas	-14.5	-13.0	-5.1	-5.8	-2.1
viii. Fertilizers	-3.4	1.5	-0.1	0.0	8.0
<i>Overall index</i>	6.5	4.2	4.2	5.1	2.3

Source: O/o The Economic Adviser, DIPP

Corporate sector performance

3.29 Based on abridged results of the non-government non-financial (NGNF) listed companies, aggregate sales contracted further and reached 4.6 per cent (Y-o-Y) in Q2 of 2015-16. This trend of contracting sales started from Q4 of 2014-15. Substantial contraction in raw material expenses was observed which resulted in total expenditure contracting at a higher rate (7.8 per cent) than sales at the aggregate level in Q2 of 2015-16. Despite contraction in sales, favourable input prices resulted in improvement in EBITDA (operating profits) growth rate of 8.9 per cent in Q2 of 2015-16 compared to 3.7 per cent observed in previous quarter. Net profit growth (Y-o-Y) improved significantly and reached 9.9 per cent after successive contraction witnessed from Q3 of 2014-15 to Q1 of 2015-16. Net profit margin also improved and reached its highest in the last 10 quarters.

Table 3.14: Performance of Non-Government Non-Financial Listed Companies

Item	Growth Rates ¹ (in Per cent)									
	2013-14				2014-15				2015-16	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
No. of Companies	2,768	2,708	2,731	2,719	2,755	2,863	2,845	2,712	2,723	2,711
Sales	2.6	7.4	4.4	4.6	7.1	4.2	0.4	-4.7	-2.4	-4.6
Expenditure, of which	2.2	8.0	2.8	4.9	6.1	3.6	1.2	-6.1	-3.5	-7.8
Raw Material	-2.7	6.4	1.0	4.6	8.4	3.4	-4.0	-16.7	-11.8	-18.7
Staff Cost	13.9	13.9	10.7	9.3	8.4	7.7	9.1	16.2	10.2	9.0
Operating Profits (EBITDA)	1.1	-1.3	5.7	4.9	16.5	8.3	0.0	3.7	3.7	8.9
Other Income*	28.0	-0.2	24.7	14.6	-2.8	26.1	-8.7	8.7	1.8	-5.8
Depreciation	9.4	11.6	8.1	8.4	8.0	3.5	6.1	1.2	3.6	4.0
Gross Profits (EBIT)	3.9	-4.6	8.4	5.9	14.7	14.1	-3.8	5.6	3.4	6.5
Interest	12.1	19.9	9.6	8.9	1.4	-0.6	6.6	7.0	9.5	8.4
Tax Provision	0.8	4.2	19.9	-4.2	23.8	29.0	6.3	48.5	6.0	9.6
Net Profits	-10.9	-20.5	4.3	10.3	27.3	25.6	-31.5	-12.5	-9.5	9.9
Net Profits to Sales	5.2	5.1	5.4	6.4	6.7	6.6	4.3	5.4	6.7	7.7

Source: RBI

*Other income excludes extraordinary income/expenditure if reported explicitly

1. 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.
2. Q2:FY16 includes results of companies as on 26th November, 2015

Industry and infrastructure financing

3.30 The sectoral deployment of credit by scheduled commercial banks to industries has slowed down considerably in the first half of 2015-16 (Table 3.15). The deployment of credit to mining sector has fallen drastically by 8.2 per cent during April-September 2015-16, as compared to 17.1 per cent growth during corresponding period of 2014-15. The credit deployment growth to manufacturing, electricity and construction sector was 7.1 per cent, 12.7 per cent and 4.1 per cent respectively during April-September 2015-16.

Table 3.15: Growth of Credit by Scheduled Commercial Banks (per cent)

Sectors	2013-14	2014-15	April-September	
			2014-15	2015-16
Industries	12.3	6.4	9.6	5.2
Manufacturing	21.1	10.0	21.0	7.1
Mining	10.0	0.8	17.1	-8.2
Electricity	12.6	15.4	13.7	12.7
Construction	28.2	10.8	27.4	4.1
Other Infrastructure	6.3	-2.0	6.9	-0.5
Manufacturing sub-sectors				
Food Processing	22.7	13.4	20.3	8.7
Textiles	8.8	1.5	6.9	1.1
Petroleum & Nuclear Fuel	9.4	-4.4	0.8	-16.0
Cement & Cement Products	21.2	3.9	14.4	4.1
Chemicals & Chemical Products	6.3	-6.5	1.8	-2.0
Basic Metal & Metal Products	13.4	7.8	9.9	8.9
All Engineering	10.7	7.6	8.3	5.1
Transport Equipment	14.9	5.0	8.2	4.8
Other Industries	10.9	0.2	2.1	0.5

Source: RBI

3.31 A number of measures have been undertaken by the Government to improve the industrial climate, including improving the ease of doing business, clearing the backlog of held up environmental clearances on stalled projects, coal sector reforms, finalisation of gas pricing formula, de-administration of diesel price, liberalisation of FDI in railways infrastructure and defence etc. Measures are also under way to eliminate requirement of minimum paid-up capital and common seal, to integrate processes for obtaining PAN, TAN, ESIC and EPFO registration with incorporation of company and single-window clearance for import and export. Government's initiative for identification of 25 priority sectors to promote 'Make in India' campaign, skill India and digital India initiatives are aimed at turning India into a manufacturing hub. Further, the speedier reform process, easing the cost of capital, implementation of GST and infrastructure development will boost India's manufacturing and will speed up the growth momentum

PRICES

3.32 High and persistent inflation was one of the major concerns of the economy during the period 2010-2013. Particularly worrisome feature then was the persistently high inflation in food and food products. The secular decline in Wholesale Price Index (WPI) inflation which began in 2014-15 continued through 2015-16 (H1) with all three major groups- primary articles, fuel and power and manufactured products contributing to low inflation (Fig 3.6). Consumer Price Index

(CPI- New Series), inflation, although higher than WPI, also indicates similar trends in 2014-15 and 2015-16 (H1) mainly on account of low inflation in food and housing. Divergence in the levels of inflation as measured by CPI and WPI widened to a maximum of 9 percentage points in September 2015. The main reasons for the variation in the two major inflation indices are explained in Box 3.3. The policy measures taken by the Government for improving food supply management and the persistent decline in global crude oil and commodity prices have contributed significantly in controlling inflation. RBI's monetary policy stance and the well-coordinated action between the Government and the RBI such as the adoption of a Monetary Policy Framework agreement has introduced an element of certainty for the financial markets through anchoring of expectations.

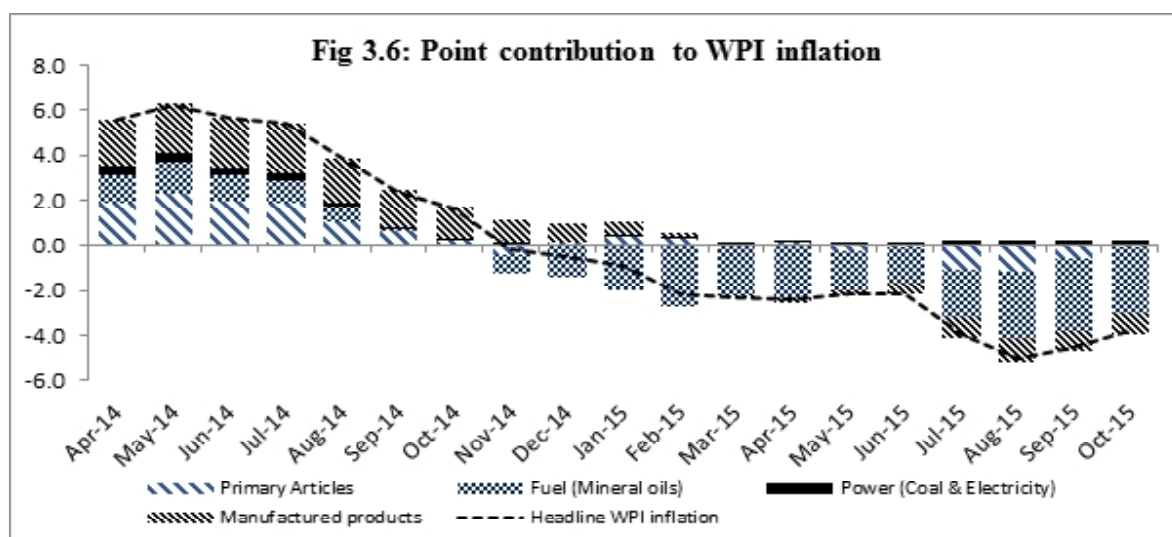
Wholesale Price Index (WPI)

3.33 Headline WPI inflation eased to 2 per cent in 2014-15 from 6 per cent in 2013-14. It has remained negative since November 2014, and averaged -3.5 per cent in 2015-16 (Apr-Oct). The recent decline in WPI inflation was broad-based and mainly due to falling fuel prices. As fuel has larger weight in WPI, the decline in fuel prices led to a sharper fall in WPI as compared to CPI. Fuel and manufactured products account for the bulk of decline in WPI (Table. 3.16).

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

	Weights	2014-15				2015-16	
		Q1	Q2	Q3	Q4	Q1	Q2 (P)
All Commodities	100.0	5.8	3.9	0.3	-1.8	-2.3	-4.5
I. Primary Articles	20.1	7.5	4.1	-0.2	0.7	-0.4	-3.4
II. Fuel and Power	14.9	9.6	4.4	-4.0	-12.7	-10.4	-15.2
III. Manufactured Products	65.0	3.8	3.6	1.9	0.4	-0.6	-1.8
All Food	24.3	6.9	5.0	2.4	5.3	2.4	-0.9
Core Inflation	55.0	4.0	3.6	2.0	0.2	-0.6	-1.8
Source: Office of Economic Adviser, DIPP							
P: Provisional							

3.34 WPI food inflation which was a matter of concern in the last few years turned negative in Q2 of 2015-16 as compared to 5 per cent in the corresponding period last year (Table 3.16). There has been significant easing of food inflation in the current year on account of decline in inflation in all sub groups of food except pulses, edible oils and oil cakes. Although headline and food inflation has declined, prices of some essential food items like pulses and onion remained high. Inflation in manufactured products has declined continuously mainly due to weak global commodity prices.



Consumer Price Index (CPI)

3.35 Inflation based on Consumer Price Index (New Series) which remained sticky around 9-10 per cent during 2012-2014 moderated to 5.9 per cent in 2014-15 and further to 4.6 per cent in 2015-16 (Apr-Oct).

3.36 The decline in consumer inflation although broad-based was mainly driven by consistent moderation in food and housing (Fig. 3.8a). Inflation based on consumer food price index (CFPI) declined to an all-time low of 2.7 per cent in Q2 of 2015-16 (Table 3.17) mainly on account of huge fall in the prices of cereals which comprise the highest share (24.8%) within the consumer food basket and vegetables (Fig.3.8b). CPI core inflation (non-food non-fuel) continued to move within a narrow range in the last four quarters.

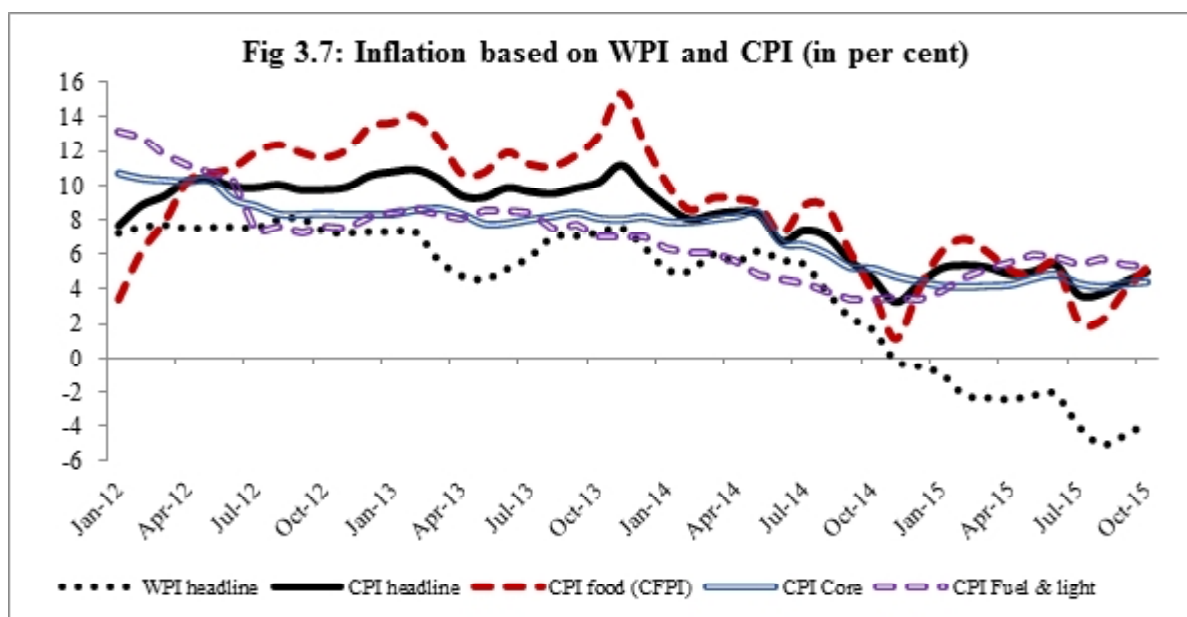
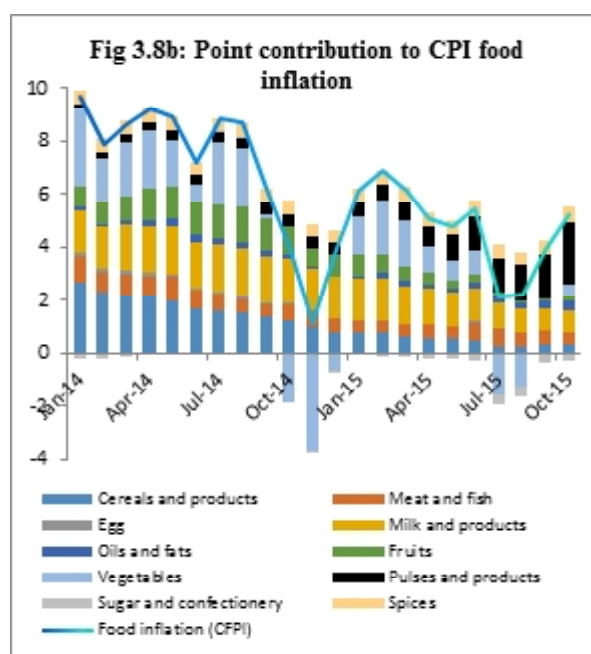
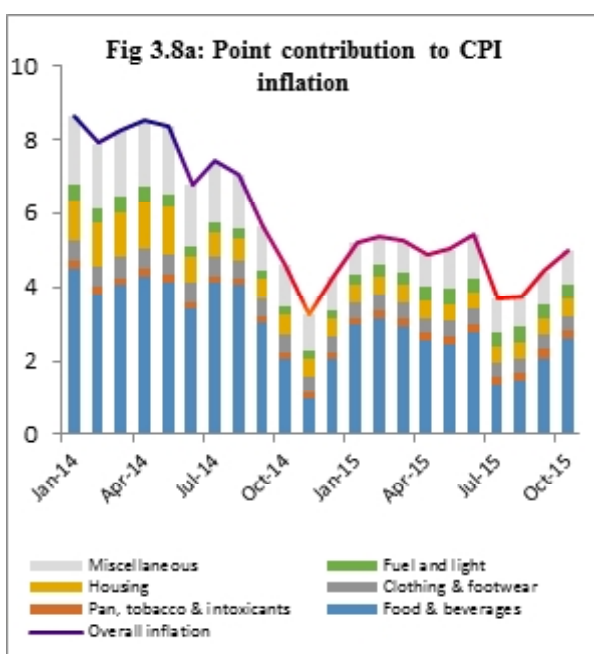


Table 3.17: Quarter-wise inflation in CPI -broad groups (in per cent)

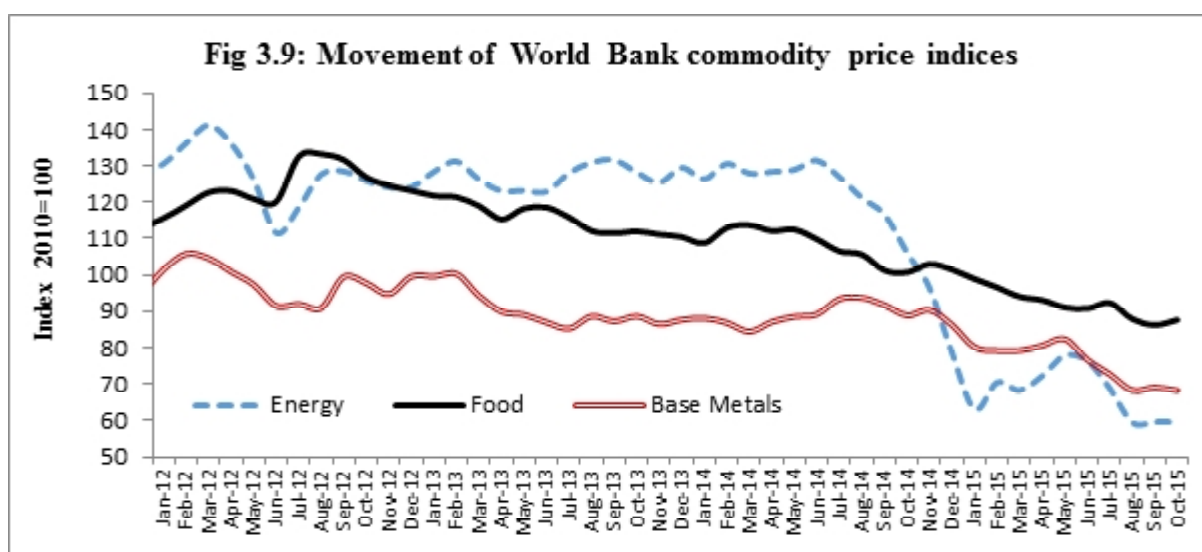
	Weights	2014-15				2015-16	
		Q1	Q2	Q3	Q4	Q1	Q2
All Groups	100.0	7.8	6.7	4.1	5.3	5.1	3.9
I. Food & beverages	45.9	8.4	7.9	3.6	6.5	5.4	3.3
II. Pan, tobacco, etc.	2.4	7.7	7.8	7.8	8.9	9.5	9.5
III. Clothing & footwear	6.5	8.4	7.9	6.8	6.3	6.1	5.9
IV. Housing	10.1	11.2	6.2	5.4	5.0	4.6	4.6
V. Fuel and Light	6.8	5.0	3.9	3.4	4.6	5.8	5.5
VI. Miscellaneous	28.3	6.4	5.2	3.8	3.0	3.8	3.3
CFPI	39.1	8.4	7.9	3.0	6.4	5.1	2.7
Non-Food Non-Fuel (core)	47.3	7.7	5.9	4.8	4.2	4.6	4.3

Source: CSO CFPI: Consumer Food Price Index



Global prices

3.37 Global commodity prices continued to decline because of weak demand and ample supplies. Energy prices dropped around 45 per cent (y-o-y) in 2015-16 (Apr-Oct) due to continuing supply surpluses. In the current year, during April-October, food prices fell around 16 per cent despite El-Nino fears and metals prices also fell by 18 per cent, as compared to same period in 2014-15. All commodity price indices of World Bank are currently far below their base level (Fig.3.9).



Reasons for moderation in inflation

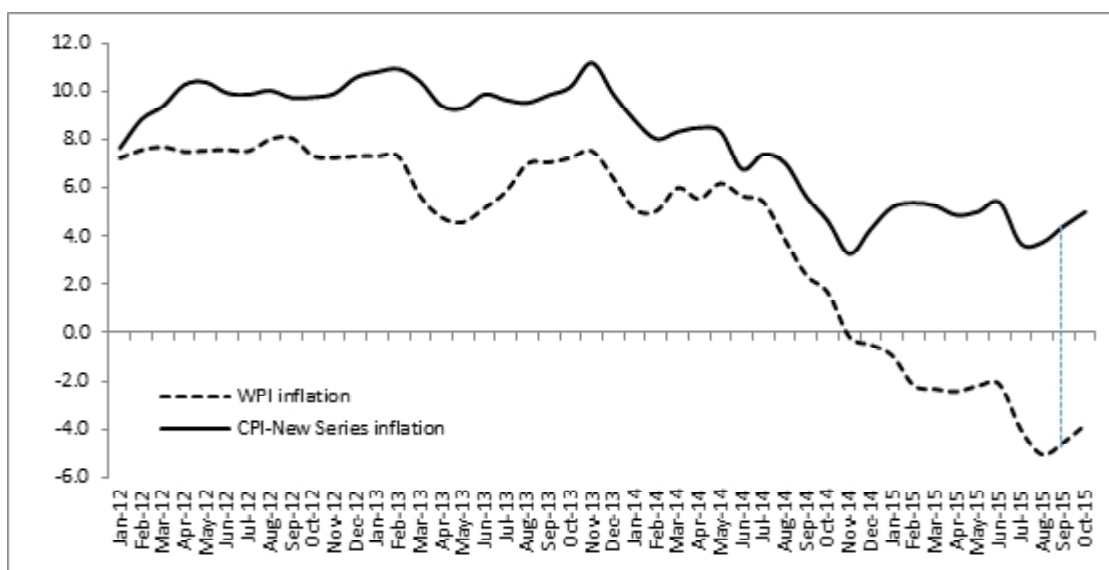
3.38 The main reasons for moderation in inflation in the recent past are listed below.

- Persistent decline in international crude oil prices and moderation in the global commodity prices.
- Advising States to allow free movement of fruits and vegetables by delisting them from the APMC Act.
- Banning of export of all pulses (except certain items).

- iv. Empowering States/UTs to impose stock limits in respect of onion, pulses, edible oil, and edible oilseeds under the Essential Commodities Act etc.
- v. Retail sale/supply of onion by SFAC and NAFED and regular monitoring of position.
- vi. Release of rice and wheat into the open market from the central pool stock over and above the buffer norm.
- vii. Implementation of a new plan scheme titled Price Stabilization Fund (PSF) aimed at regulating price volatility of agricultural and horticultural commodities .
- viii. Modest increase in Minimum Support Prices (MSP), especially in cereals.
- ix. Vigilant monetary policy action by the RBI.
- x. Adoption of agreement on Monetary Policy Framework between Government of India and Reserve Bank of India with a view to target inflation within a band.

Box 3.3: Divergence in WPI and CPI inflation

There has been significant divergence between Consumer Price Index (CPI-New Series) and Wholesale Price Index (WPI) in the last one year, WPI inflation has remained in the negative territory since November 2014, while CPI inflation averaged 4.6 percent during the same period. The gap between the two indices was as high as 9 percentage points in September 2015 as compared to a low 3 percentage points gap in October 2014.



The variation between WPI and CPI inflation is primarily on account of differences in the weighting pattern in the indices. The weight of total food items in WPI is 24.3 per cent as compared to 45.9 per cent in CPI (food & beverages). The weakness in global commodity and fuel prices during the last one and half years has impacted WPI inflation to a greater extent in non-food manufactured products (weight: 55%) which are tradeables and hence follow global trends and fuel & power (weight: 15%), which form the bulk of the WPI basket. This has pulled down non-food manufactured products inflation in negative territory since March 2015 and fuel & power inflation in the same zone since November 2014. In contrast, retail price movements are sticky upwards because of trade and transport margins. Further, CPI basket includes services like health and education which are not included in the WPI basket. These apart, the base years used by WPI and CPI are different. While CPI uses the base year 2012, WPI continues to be based on 2004-05. There is a need to change the WPI base year to a more recent year on account of fast changing nature of the Indian economy. A study by Ashish Kumar and D K Sinha of CSO (2014) had observed that the variation in inflation rate based on WPI and CPI were due to differences in (a) coverage of items under the two indices (b) weighting diagrams of the two indices and (c) sources of price collection i.e. retail markets in the case of CPI and wholesale market for WPI.

MONEY, BANKING AND FINANCIAL MARKETS

Monetary Policy Stance

3.39 The Reserve Bank of India (RBI) effected a shift in its monetary policy stance on January 15, 2015 with a reduction in repo rate by 25 basis points (bps) to 7.75 percent in view of significant waning of inflationary pressures. This process continued through the financial year and a total reduction by 100 bps was effected through a reduction by 25 bps each on March 4, 2015 and June 2, 2015 and another 50 bps to 6.75 percent on September 29, 2015 (Table 3.18). RBI has kept the policy repo rate unchanged at its Fifth Bi-monthly monetary policy statement on December 1, 2015.

3.40 The agreement on monetary policy framework signed between the Government and RBI in February 2015 has shaped the monetary policy stance in 2015-16 and will guide it in the years to come. As per the Fifth Bi-monthly monetary policy statement announced on December 1, the RBI continues to expect inflation in January 2016 to be 5.8 per cent, with risks slightly to the downside. The statement also noted that the step-up in public capital spending and the easing stance of monetary policy provide the enabling environment for a revival in private investment demand, supported by easing input prices and improving conditions for doing business.

Table 3.18: Revision in Monetary Rates

Effective date	Bank Rate/MSF Rate* (Per cent)	Repo Rate (Per cent)	Reverse Repo Rate (Per cent)	Cash Reserve Ratio (Per cent of NDTL)	Statutory Liquidity Ratio (Per cent of NDTL)
2014					
28-01-2014	9.00	8.00	7.00	4.00	23.00
14-06-2014	9.00	8.00	7.00	4.00	22.50
09-08-2014	9.00	8.00	7.00	4.00	22.00
2015					
15-01-2015	8.75	7.75	6.75	4.00	22.00
07-02-2015	8.75	7.75	6.75	4.00	21.50
04-03-2015	8.50	7.50	6.50	4.00	21.50
02-06-2015	8.25	7.25	6.25	4.00	21.50
29-09-2015	7.75	6.75	5.75	4.00	21.50 [@]

Source: RBI

Interest Rates

3.41 After the reduction in the policy repo rate by 125 basis points during January 15 to September 29, 2015 by the RBI, the median base rate of banks has declined by 60 basis points so far (up to end-November 2015) as against decline of 72 basis points in the median term deposit rate of banks during the same period (Table 3.19). The weighted average lending rate (WALR) on outstanding rupee loans declined by 53 bps during January - October 2015 as against decline of 73 bps in the weighted average domestic term deposit rate (WADTDR) of banks during the same period. The WALR on fresh rupee loans declined by 60 bps to 10.97 per cent during the same period. The transmission of policy rate to credit market is relatively slower than that of money and G-sec markets due to rigidities in the credit market.

Table 3.19: Average Deposit and Lending Rates of Scheduled Commercial Banks (Excl. RRBs)

(Per cent)

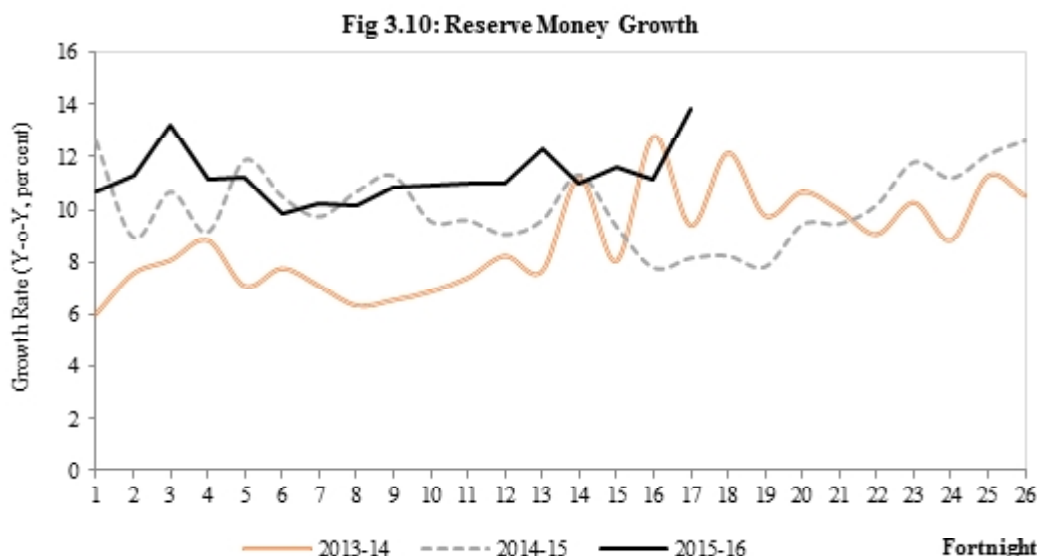
Items						Variation (Percentage Points)
	Dec-14	Mar-15	Jun-15	Sep-15	Nov-15	(Nov-15 over Dec-14)
A. Domestic Deposit Rates						
(i) Public Sector Banks						
Up to 1 Year	6.70	6.70	6.36	6.22	5.99	-0.71
1 - 3 Years	8.81	8.74	8.30	8.01	7.66	-1.15
Above 3 Years	8.71	8.63	8.20	7.88	7.51	-1.20
All Maturities	7.56	7.52	7.15	6.93	6.65	-0.91
(ii) Private Sector Banks						
Up to 1 Year	6.53	6.60	6.40	6.22	6.09	-0.44
1 - 3 Years	8.93	8.78	8.51	8.10	7.84	-1.09
Above 3 Years	8.79	8.66	8.43	8.04	7.77	-1.02
All Maturities	7.50	7.48	7.26	6.99	6.80	-0.70
(iii) Foreign Banks						
Up to 1 Year	6.83	6.82	6.74	6.58	6.50	-0.33
1 - 3 Years	8.25	8.12	8.18	8.22	8.06	-0.19
Above 3 Years	8.36	8.31	8.23	8.27	8.20	-0.16
All Maturities	7.45	7.41	7.35	7.28	7.18	-0.27
Scheduled Commercial Banks						
Up to 1 Year	6.71	6.72	6.52	6.37	6.22	-0.49
1 - 3 Years	8.60	8.48	8.30	8.12	7.88	-0.72
Above 3 Years	8.61	8.52	8.27	8.06	7.83	-0.78
All Maturities	7.50	7.46	7.25	7.08	6.90	-0.60
Median Term Deposit Rate	7.55	7.50	7.22	7.02	6.83	-0.72
B. Base Rate						
(i) Public Sector Banks	10.23	10.21	9.98	9.94	9.69	-0.54
(ii) Private Sector Banks	10.63	10.61	10.45	10.38	10.18	-0.45
(iii) Foreign Banks	9.85	9.77	9.72	9.60	9.50	-0.35
Scheduled Commercial Banks	10.14	10.09	9.96	9.87	9.70	-0.44
Median Base Rate	10.25	10.20	9.95	9.90	9.65	-0.60
C. WALR (Outstanding Rupee Loans)					Oct-15	(Oct15 over Dec-14)
(i) Public Sector Banks	12.05	12.01	11.91	11.67	11.50	-0.55
(ii) Private Sector Banks	12.35	12.25	12.08	11.98	11.85	-0.50
(iii) Foreign Banks	12.01	11.84	11.69	11.57	11.39	-0.62
Scheduled Commercial Banks	12.11	12.06	11.94	11.73	11.58	-0.53
D. WALR (Fresh Rupee Loans)						
(i) Public Sector Banks	11.45	11.10	11.08	11.22	11.06	-0.39
(ii) Private Sector Banks	12.09	11.93	11.68	11.30	11.47	-0.62
(iii) Foreign Banks	10.69	10.50	10.33	10.18	9.76	-0.93
Scheduled Commercial Banks	11.57	11.23	11.15	11.13	10.97	-0.60

WALR: Weighted Average Lending Rate. Note: Data on WALR are provisional.

Source: RBI

Reserve Money (M_0)

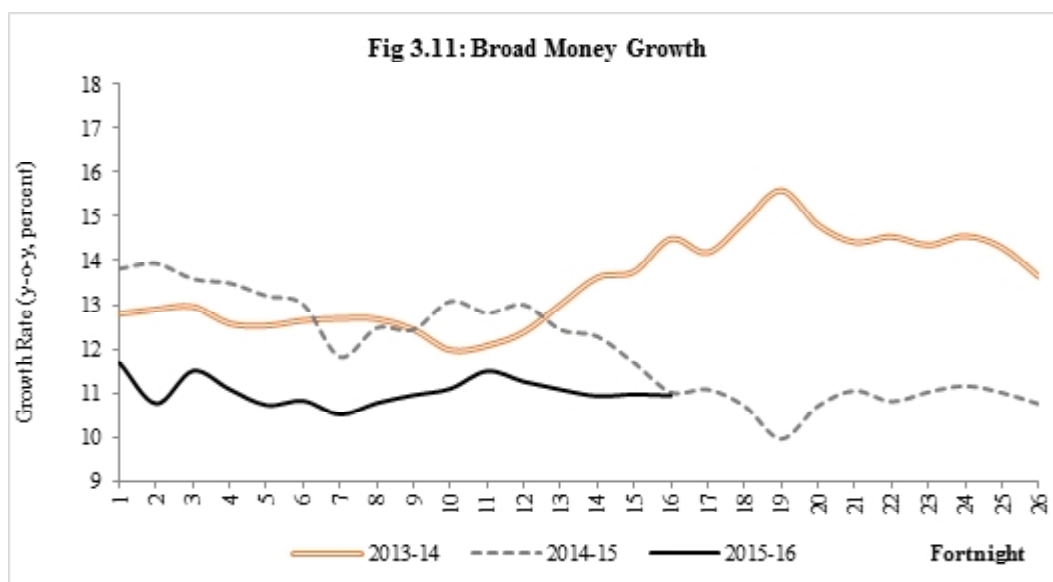
3.42 During Q1 2015-16, reserve money (M_0) increased by 10.2 per cent, year on year, as against an increase of 9.7 per cent in the corresponding quarter of 2014-15. In Q2 2015-16, growth in M_0 was 12 per cent as against a growth of 9.5 per cent during the second quarter of 2014-15. The movement in fortnightly reserve money growth (year on year basis) is presented in Fig 3.10 below.



3.43 During the financial year so far (upto November 20, 2015), M_0 increased by 2.9 percent as compared to an increase of 0.7 per cent for the corresponding period of the previous year. The decline in Net Domestic Assets (NDA) in Q1 and Q2 of 2015-16 was more than offset by the increase in net foreign assets (NFA) taking Reserve Money in an increasing trajectory in 2015-16 so far.

Broad Money (M_3)

3.44 During 2015-16, at the end of first two quarters, 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 2015-16, y-o-y growth in M_3 was 10.5 percent as against an increase of 11.8 per cent in the first quarter of 2014-15. At the end of the second quarter, growth in M_3 was at 11.1 per cent as against 12.4 per cent growth recorded in the second quarter of 2014-15 (Fig 3.11). The year-on-year M_3 growth as on November 13, 2015 was at 11.2 per cent as against 11.1 per cent for the corresponding period of the previous year.



Sectoral Deployment of Credit

3.45 Disaggregated data on sectoral deployment of gross bank credit available up to October 30, 2015 shows that personal loans have recorded somewhat higher variation, while credit growth to other sectors such as agriculture and industry have exhibited lower variation (Table 3.20). Housing and credit card outstanding variation has continued to be more or less robust, while consumer durables has diminished.

**Table 3.20: Growth in Sectoral Deployment of Gross Bank Credit
Year -On-Year (per cent)**

Sr. No.	Sector	YEAR -ON-YEAR VARIATION	
		October 31, 2014	October 30, 2015
	Non-food credit (1 to 4)	11.1	8.3
1	Agriculture & allied activities	20.3	11.1
2	Industry (Micro & Small, Medium and Large)	7.8	4.6
3	Personal loans (A to E)	16.7	16.9
A	Housing	16.3	17.6
B	Advances against Fixed Deposits	-2.0	10.5
C	Credit Card outstanding	25.8	22.1
D	Education	7.9	6.7
E	Consumer Durables	53.2	11.4
4.	Services (F to J)	8.4	6.8
F	Transport Operators	3.9	5.6
G	Professional Services	6.9	13.2
H	Trade	9.5	9.2
I	Real Estate	14.9	4.2
J	Non-Banking Financial Companies	7.0	2.8
5	Priority sector	16.1	10.3

Priority Sector is as per old definition and does not conform to FIDD Circular

FIDD.CO.Plan.BC.54/04.09.01/2014-15 dated April 23, 2015.

Source: RBI

Banking Aggregates

3.46 The year-on-year growth of Scheduled Commercial Banks' (SCBs) aggregate deposits at the end of the first half of 2015-16 i.e. up to September 18, 2015 was 10.6 per cent as compared with 12.6 per cent a year ago. Non food credit growth increased marginally to 9.5 per cent in the first half of 2015-16 (i.e upto September 18, 2015) as compared to 9.3 percent a year ago. Growth in investment in Government and approved securities was 11.8 per cent in the first half of 2015-16 (up to September 18, 2015) as compared to 11.9 per cent a year ago (Table 3.21).

Table 3.21: Growth rates of Select Banking Aggregates of Scheduled Commercial Banks (including RRBs)**(y-o-y percent)**

	September 19, 2014	September 18, 2015
Aggregate Deposits	12.6	10.6
Bank Credit	9.2	9.3
Non-food credit	9.3	9.5
Investment in Government and Approved Securities	11.9	11.8

Source: RBI

Asset Quality of Banks

3.47 As per the RBI data, gross Non Performing Assets (NPAs) of SCBs, especially Public Sector Banks (PSBs) have shown an increase during recent years. NPAs of SCBs increased to 5.14 per cent and those of PSBs have risen to 6.21 per cent as on Sept 2015 (provisional). The increase in NPAs is due to less than adequate pick up in domestic growth, slowdown in the global economy and negative spillovers from global financial markets. Taking gross NPA and restructured advances together, the stress on PSBs is 14.12% to total advances as on June, 2015 and 14.20% as on Sept 2015 (provisional).

Macro-Stress tests

3.48 Macro-stress tests are conducted by the Financial Stability Unit of Reserve Bank of India to ascertain the resilience of banks against macroeconomic shocks. The results of this analysis presented in the Financial Stability Report (FSR) June 2015, suggest that under the baseline scenario, the GNPA's ratio of all SCBs may improve to 4.7% by March, 2016. However, if macroeconomic conditions deteriorate, the GNPA's ratio may increase further and it could rise to around 5.9% by March, 2016 under a severe stress scenario. Overall, India's relatively stronger macroeconomic fundamentals in terms of growth, inflation, current account and fiscal deficits provide a reasonable degree of resilience to Indian financial system in the event of spill-over effects from global factors.

Capitalization of Public Sector Banks (PSBs)

3.49 At present, PSBs are adequately capitalized and meet all the Basel III and RBI norms. However, adequate capitalization of all the banks to keep a safe buffer over and above the minimum norms of Basel III is the endeavour of the Government and the estimated capital requirement (excluding internal generated profit) for the next four years up to financial year 2018-19 is likely to be about ₹ 1,80,000 crore. Out of the total requirement, the Government of India proposes to make available ₹ 70,000 crores out of budgetary allocations during the current and next three financial years. During 2015-16 the Government has so far released a sum of ₹ 17,721 crore to 12 PSBs. PSB's market valuations is estimated to improve significantly due to (i) far-reaching governance reforms; (ii) tight NPA management and risk controls; (iii) significant operating improvements; and (iv) capital allocation from the government.

Mission 'Indradhanush' - governance reforms in PSBs

3.50 As part of governance reforms in PSBs, the setting up and structure of Bank Board Bureau (BBB) was announced on August 14, 2015. BBB will replace the Appointments Board for appointment of Whole-time Directors as well as non-Executive Chairman of PSBs and engage with the Board of Directors of all the PSBs to formulate appropriate strategies for their growth and development. It is expected to start functioning from the April 1, 2016. Further, the Government

has replaced the earlier mechanism of Statement of Intent on Annual Goals for PSBs with Key Performance Indicators to make the targets generic and not bank specific so that the need to interact with bank authority is eliminated/ minimized.

Pradhan Mantri Mudra Yojana (PMMY)

3.51 In pursuance of announcement in the Union Budget (2015-16) to create a Micro Units Development Refinance Agency (MUDRA) Bank to refinance last mile financiers, the Pradhan Mantri Mudra Yojana (PMMY) has been launched on 8th April, 2015. MUDRA seeks to offer two products, namely refinance products having a loan requirement in the range of ₹ 50,000 to ₹ 10 lakh and support to Micro Finance Institutions (MFIs) by way of refinance. The products designed under the PMMY are categorised in three buckets of finance named Shishu, Kishor and Tarun based on the stage of growth/development of the unit with about 60 per cent of the allocation for Shishu. PMMY aims to provide formal bank credit to the more than 5.7 crore informal sector micro enterprises and many more aspiring micro entrepreneurs in the country. As on 27th November 2015, an amount of ₹ 44,126 crore have been disbursed to over 68 lakh borrowers under PMMY.

Financial inclusion

3.52 The Pradhan Mantri Jan Dhan Yojana (PMJDY)- a national mission on financial inclusion, was launched in August 2014 with the objective of covering all households with at least one bank account per household across the country in phase I and providing micro insurance and pension to the unorganized sector in Phase II. Under PMJDY, 99 per cent out of the 21.22 crore households surveyed have a bank account and the proportion of bank accounts opened with zero balance has declined from 77 per cent in September 2014 to 35 per cent in November 2015. The focus of PMJDY has moved from bank account opening to providing social security benefits e.g accident insurance, life insurance, credit to low income groups and pensions to the unorganized sector.

3.53 To provide a fillip to financial inclusion, RBI has accorded 'in-principle' approval to 11 applicants to set up Payments Banks under the Guidelines for Licensing of Payments Banks and to 10 applicants to set up Small Finance Banks under the Guidelines for Licensing of Small Finance Banks in the private sector.

Atal Pension Yojana (APY)

3.54 'Atal Pension Yojana' (APY) has been introduced by the Government with effect from 1st June, 2015, pursuant to the announcement in the Union Budget (2015-16) on creating a universal social security system for all Indians, especially the poor, the under-privileged and the workers in the unorganised sector. APY is being administered by the Pension Fund Regulatory and Development Authority (PFRDA) under the overall administrative and institutional architecture of the National Pension System (NPS). APY is being operationalised through core-banking solutions (CBS) enabled Banks. Different types of banks have already started the process of mobilization and registration of the subscribers' under APY and a total of 11 lakh subscribers have been enrolled under it as on November 27, 2015.

Financial Markets

3.55 The first half of 2015-16 was marked by negative returns on indices around the world, barring only a few. Nifty recorded a negative growth of 7.2 percent with the index closing at 7883.8 as on November 26, 2015 as compared to 8491.0 as on March 31, 2015 whereas over a one year period from November 28, 2014 it declined by 8.2 percent.

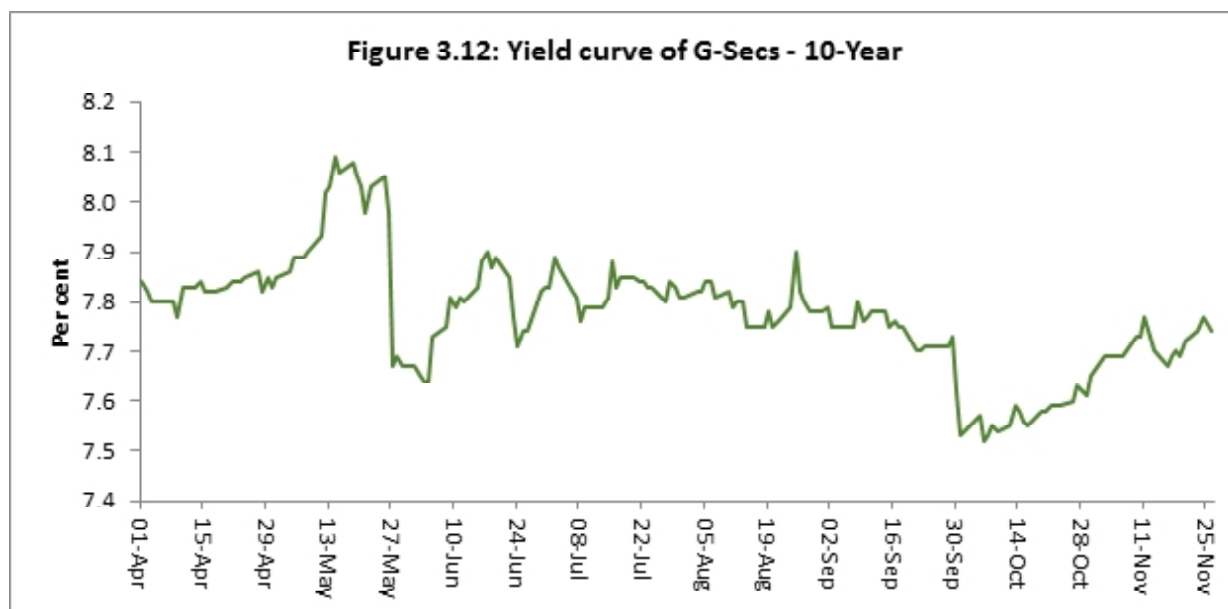
Table 3.22: Performance of major Stock markets in the world

Index Country	Index value on 26 Nov. 2015	Nov. 2015 over Mar 2015	Nov. 2015 over Dec 2014	Nov 2015 over Mar 2015	Nov. 2015 over Dec 2014
		Per cent change (based on Index values in local currency terms)		Per cent change (based on Index values in US\$ terms)	
NIFTY, India	7883.8	-7.15%	-4.82%	-13.18%	-9.69%
SHANGHAI COMPOSITEN China	3635.552	-3.00%	12.39%	-5.85%	9.19%
RTSI\$, Russia	874.66	-0.65%	10.62%	-0.65%	10.62%
BOVESPA, Brazil	47145.63	-7.83%	-5.72%	-21.23%	-33.40%
KOSPI, South Korea	2030.68	-0.51%	6.01%	-3.98%	1.19%
TAIWAN TAIEX, Taiwan	8484.9	-11.49%	-8.84%	-14.97%	-11.40%
S&P 500, US	2088.87	1.01%	1.46%	1.01%	1.46%
DAX, Germany	11320.77	-5.39%	15.45%	-6.40%	0.80%
FTSE 100, UK	6393.13	-5.61%	-2.63%	-3.92%	-5.58%
NIKKEI 225, Japan	19944.41	3.84%	14.29%	1.61%	11.38%
HANG SENG, Hong Kong	22488.94	-9.69%	-4.73%	-9.66%	-4.69%
Straits Times, Singapore	2884.69	-16.31%	-14.28%	-18.35%	-19.32%

Source: Bloomberg

Government securities market

3.56 Gross borrowings raised by the Central Government during April-November 2015 (up to November 23, 2015) constituted 76.0 per cent of budgeted gross borrowings, higher than 68.7 per cent in the corresponding period of the previous year. Net borrowings during this period constituted 68.3 per cent of budgeted net borrowings as compared to 59.8 per cent in the corresponding period of previous year. Though the Central Government borrowing programme in 2015-16 was budgeted marginally higher than the previous year, the borrowings through government securities have been proposed to be reduced by ₹ 15,000 crore in view of expected realisation from Gold Bond Schemes.



Source: RBI

3.57 The yields on government securities were affected by numerous factors. The benchmark 10-year yield started the year at 7.78 per cent, reached its highest level of 7.99 per cent on May 12, 2015 before falling to a two year low of 7.48% after 50 bps rate cut by RBI on September 29, 2015. While the G-Sec market started the year on a positive note on account of weak US job data, saw a hardening bias on yields till early-May 2015 on account of increase in crude prices from their multi-year low level in mid-March 2015, global rise in government bonds yields including advanced countries such as Germany, turbulence witnessed by global financial markets, depreciating rupee, etc. Market discounted some positives like upgrade in rating outlook of India by Moody's, lower inflation numbers, etc. It saw return of some stability post the announcement of new 10 year paper on May 19, 2015 and continued positive news on inflation front. The market saw some stability post the Greek Referendum, before another round of volatility caused by developments in China. The new ten year benchmark paper breached the level of 7.91 per cent towards August end. The dovish stance of the Fed in the September meeting and RBI's monetary policy review on September 29, 2015, with growth centric dovish commentary and policy repo rate cut by 50 bps, led to buoyancy in market. The announcement of Medium Term Framework for staggered increase of FPI limits in debt securities further enthused the market and since then the market has been trading in a range.

3.58 The weighted average maturity of securities issued during 2014-15 (up to November 23, 2015) was 16.05 years as compared to 14.46 years in the corresponding period of the previous year. The weighted average yield during the same period was 7.89 per cent as compared with 8.27 per cent in the corresponding period of the previous year indicating lower yield environment with falling inflation rates. The maturity of issuance during the year remains elongated in view of the broadly flat yield curve, better appetite for longer term debt and debt management considerations. The 40 year paper auctioned for first time in October 2015 was well received by the market.

External markets

3.59 Foreign Portfolio Investments (FPI) into India have seen a significant jump in recent years. India received FPI net investments of USD 47.6 billion during 2014-15 compared to USD 8.9 billion in 2013-14, showing an increase of over five times. In 2015-16 so far, the FPIs net sales

were USD 2.2 billion in equity segment, while in debt segment FPIs invested USD 1.5 billion. The total net sales by FPIs as on November 27, 2015 stood at USD 0.7 billion.

Table 3.23: Net FPI Investment

(in USD Billion)

Segments	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Nov 27, 2015)
Equity	-10.3	23.2	24.3	9.0	25.8	13.4	18.3	-2.2
Debt	0.5	7.3	7.9	9.9	5.2	-4.6	27.3	1.5
Total	-9.8	30.6	32.2	18.9	31.0	8.9	47.6	-0.7

Source: Securities and Exchange Board of India (SEBI)

Measures taken to improve foreign investment

a) Composite Caps on Foreign Investment

3.60 The Government introduced composite caps on foreign investments in the country in July 2015, so that uniformity and simplicity are brought across the sectors in Foreign Direct Investment (FDI) policy for attracting foreign investors. With the introduction of composite caps, foreign investment shall include all types of investments, direct as well as indirect regardless of whether the said investments have been made under different Schedules of Foreign Exchange Management (Transfer or Issue of Security by Persons Resident Outside India) Regulations. This is expected to bring clarity in FDI policy and boost foreign investment as well.

b) Investment by Foreign Portfolio Investors (FPI) in Government Securities

3.61 With the objective of having a more predictable regime for investment by the foreign portfolio investors (FPI), the medium term framework (MTF) for foreign portfolio investments limits in debt securities has been set out. The limits for FPI investment in debt securities will henceforth be announced/ fixed in rupee terms. The limits for FPI investment in the central government securities will be increased in phases to 5 per cent of the outstanding stock by March 2018. In aggregate terms, this is expected to open up room for additional investment of ₹ 1,200 billion in the limit for central government securities by March 2018 over and above the existing limit of ₹ 1,535 billion for all government securities. Additionally there will be a separate limit for investment by FPIs in the State Development Loans (SDLs), to be increased in phases to reach 2 per cent of the outstanding stock by March 2018 which would amount to an additional limit of about ₹ 500 billion by March 2018.

c) INR offshore bonds

3.62 In order to facilitate Rupee denominated borrowing from overseas, it has been decided to put in place a framework for issuance of Rupee denominated bonds overseas within the overarching External Commercial Borrowings (ECB) policy. Any corporate body, including Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs), are eligible to issue Rupee denominated bonds overseas and any investor from a Financial Action Task Force (FATF) compliant jurisdiction is eligible to invest. Only plain vanilla bonds issued in FATF compliant financial centres will be the eligible instrument. The minimum maturity period of these bonds will be 5 years and the all-in-cost of such borrowings should be commensurate with prevailing market conditions. There will be no end-use restrictions except for a negative list which includes investment in real estate and capital markets. Withholding tax of 5% will be applicable on interest income from these INR off-shore bonds in the case of non-resident investors just as in the case of off-shore dollar

denominated bonds. It has also been decided that the capital gains, arising in case of appreciation of rupee against the foreign currency between the date of issue and the date of redemption of the bonds in which the investment is made, would be exempted from capital gains tax.

d) IFSC GIFT City

3.63 Gujarat International Finance Tec-City (GIFT) has been envisaged as an international financial services center which will offer global firms world-class financial services from India. After Budget 2015-16; the regulations/guidelines were issued by RBI, SEBI, IRDA and DFS to pave way for the operationalization of GIFT. These, inter-alia aim at treatment of GIFT institutions as a person resident outside India, conduct of business in foreign currency, terms and conditions for stock exchanges within GIFT, exempt companies carrying on the business of insurance from certain provisions of the Insurance Act, 1938 etc.

Primary Markets

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

3.64 During 2015-16 (till October 2015), Mutual Funds mobilised ₹ 2,15,459 crore. The market value of asset under management stood at ₹ 13,24,165 crore as on October 31, 2015 compared to ₹ 10,82,757 crore as on March 31, 2015, indicating an increase by 22.3 percent.

Table 3.24: Resource Mobilization (net) by Mutual Funds (₹ crore)

Sector	2013-14	2014-15	2015-16 (Till Oct 2015)
Public	4,644	-413	56, 280
Private	49,138	1,03,700	1, 59,179
Total	53,782	1,03,287	2,15,459

Source: SEBI

Table 3.25: Resource mobilization through the Primary market (₹ crore)

Mode	2012-13	2013-14	2014-15	2015-16 (Till October 2015)
Debt	16,982	42,405	9413	3,702
Equity	15,473	13,269	9789	18179
<i>of which IPOs</i>	6,528	1,236	3,039	9628
<i>Number of IPOs</i>	33	38	46	43
Private Placement	3,61,462	2,76,054	4,04,137	2,86,650
Total	3,93,917	3,31,728	4,23,339	3,08,531

Source: SEBI

Corporate Bond Market

3.65 SEBI has taken major steps for the development of the Corporate Bond Market as given below.

- Simplified Listing Agreement: A simplified listing agreement for debt securities has been put in place. In terms of this agreement (entered into between issuing company and the

stock exchange), issuers with listed equity who are already subject to detailed disclosure requirements, now have to make minimal disclosures while issuers of listed debt alone make reasonably elaborate disclosures but less than those required under the equity listing agreement.

- ii. **Mandatory Settlement of Corporate Bonds through clearing corporations:** All SEBI, RBI and IRDA regulated entities have been directed to clear and settle their trades through the National Securities Clearing Corporation Limited (NSCCL) or the Indian Clearing Corporation Limited (ICCL) with settlement on T+1 days or T+2 days. This was aimed at encouraging such entities - which includes institutional investors to settle their trades through an institutional mechanism in a time bound manner.
- iii. **Standardization of the Application Form and Abridged Prospectus for public issue of debt securities:** In order to make the public issue application form more investor friendly and provide meaningful information in a simple manner structure, design, format, contents and organization of information in the Application Form and Abridged Prospectus has been prescribed. The form is standardized to make it uniform for public issues of debt securities.
- iv. **Standardized offer document/memorandum in Public issue & listing of non-convertible debt as well as privately placed debt securities which are listed or proposed to be listed.:** A standardized format on the bond offering documentation has been put in place to facilitate better understanding and preparation of such documents by issuers as well as ease investors' decision making process. The standardization of these offer documents is expected to increase the tradability of these corporate bonds among players and can support secondary market liquidity.
- v. **Online System for making Application to Public issue of Debt Securities:** Guidelines issued in order to facilitate a system to enable investors to make online applications for public issue of debt securities and to reduce the timelines of the issue process for public issue of debt securities. This also assists in wider public participation, reducing issuer cost while enabling listing of securities in a faster and time bound manner.
- vi. **Creating a centralised database of corporate bonds/debentures, which are available in demat form, new disclosure of cash flows and unaudited financials with limited review report.**

3.66 RBI has taken a number of steps for the development of the Corporate Bond market. These include issue of detailed guidelines on setting up of Infrastructure Debt Funds (IDFs) by banks & NBFCs, which are expected to enhance the flow of long-term debt in infrastructure development. Banks have been provided an additional limit of 10% of their investments in non-SLR securities as on the end of previous fiscal, to invest in unrated bonds of companies engaged in infrastructure activities within the overall ceiling of 20% and allowed repo on corporate bonds for maturity of less than 1 year.

SEBI-FMC Merger

3.67 Convergence of regulation of commodity derivatives markets and securities markets has been a long standing policy debate since 2003, considered by the Wajahat Habibullah Task Force, Rajan Committee and Mistry Committee all of whom highlighted the need for organised trading to be brought under common regulatory ambit. The Financial Sector Legislative Reforms Commission (FSLRC) also recommended convergence of regulation of all financial services, except banking and payments. As per relevant provisions in the Finance Act, 2015 Forward Market Commission (FMC) has been merged with the SEBI with effect from 28th September, 2015. Consequently, legislation governing commodity forward trading, the Forward Contract (Regulation) Act, 1952

was repealed with effect from 29th September, 2015. Convergence of markets and their regulation will do away with the need for separate legal entities for participation in these markets, provide economies of scale and scope and enable full fungibility of capital.

Financial Stability and Development Council (FSDC)

3.68 Two meetings of the Financial Stability and Development Council (FSDC) under the chairmanship of Finance Minister were held since February 2015. The major issues which were discussed include external sector vulnerabilities, focus on future financial sector reforms, development of corporate bond market, prevention & detection of fraud in banks & building effective deterrence, rising bank NPAs, corporate sector balance sheet stress and harmonization and convergence of regulations relating to securities market & commodity derivatives market. The FSDC Sub-committee under the chairmanship of Governor, RBI met twice and deliberated on issues such as developing uniform KYC norms, inter-usability of KYC records, Account Aggregation for Financial Assets, global and domestic developments impinging on financial stability, Foreign Account Tax Compliance Act (FATCA), developing a comprehensive financial resolution regime etc. As a part of Financial Stability Board (FSB) commitment, India has volunteered to undergo FSB peer review, for the first time, in 2015, the Terms of Reference for which have been finalized. The topics being covered under the review are (i) macro prudential policy framework and (ii) regulation and supervision of NBFCs.

Gold Monetisation Scheme

3.69 To mobilise gold for productive purposes and to reduce country's reliance on the imports of gold following measures have been introduced.

- i. Sovereign Gold Bond Scheme to create an alternate financial asset. The Bonds carry a fixed rate of interest, and also be redeemable in cash in terms of the face value of the gold, at the time of redemption by the holder of the Bond.
- ii. Gold Monetization Scheme, which allows the depositors of gold to earn interest in their metal accounts and the jewellers to obtain loans in their metal account. Banks/other dealers are able to monetize this gold.

SERVICES SECTOR PERFORMANCE

3.70 Services sector performance shows a mixed picture. While it is performing well in terms of GVA and hence contribution to GDP despite some slowdown, on the export front the slowdown is more pronounced. As per the Provisional Estimates (AE) in 2014-15, growth of the services sector (GVA at basic constant prices) accelerated further to 10.2 per cent from 9.1 per cent in 2013-14. This is mainly due to growth acceleration in financial, real estate, and professional services to 11.5 per cent from 7.9 per cent and Transport, storage, communication & services related to broadcasting to 8.9 per cent from 7.3 per cent in the previous year. There was also good growth in Trade, repair, hotels and restaurants services at 11.6 per cent in 2014-15 though it was lower than the 13.3 per cent growth in 2013-14. The quarterly estimates of services sector growth during 2014-15 show a fluctuating trend from Q1 to Q4. The growth rate of services sector during Q1 and Q2 of 2015-16 was at 8.9 per cent and 8.8 per cent respectively compared to 8.7 per cent and 10.4 per cent respectively recorded in the same period of previous year. Among the major broad categories of services, the combined growth of 'Trade, Hotel, Transport, communication & services related to broadcasting' achieved the highest growth rate at 10.6 per cent during Q2 of 2015-16 followed by Financial, real estate & professional services' with growth rate at 9.7 per cent. But services export growth has slowed down to 2.6 per cent in 2014-15 from 4.0 per cent in 2013-14 and to 1.3 per cent in Q1 2015-16 (it was at 14.2 per cent in 2011-12 and 29.8 per cent in 2010-11).

3.71 Sector-wise, India's tourism exports growth was in double digits in 2014 in terms of growth of foreign tourist arrivals (FTA) and nearly so in terms of foreign exchange earnings (FEE). But in 2015 (Jan-Sept), growth has decelerated to 4.6 % for FTA, and became negative at -1.5 % for FEE (dollar) indicating not just lower growth in numbers but also a fall in tourism receipts which could also be attributed to lower spending by tourists or increase in share of low spending tourists in arrivals. Out of the major policy reforms in Tourism sector taken recently by the Government of India is the launching of e Tourist Visas (eTV) facility on November 27, 2014 and extending this facility further to 36 more countries and 7 more Indian airports from August 15, 2015. With this addition, the total count of countries under the scheme is 113 and the total number of designated airports is 16. During Jan- Sept, 2015 a total of 2, 01,705 tourists arrived on eTourist Visa as compared to 19,290 during Jan- Sept, 2014 registering a growth of 945.6 per cent. It is expected that this substantial addition of countries and airports will give a big boost to tourism industry in the country.

Comparative Performance of Services and Commodity Exports: Global and India

Global Exports Trend: Services Vs Merchandise

3.72 As per WTO data, the world services export growths have moved to negative territory since Q1 of 2015. Unlike services export growth, in the case of merchandise exports, negative growth has started in Q4 of 2014 at -3.9 per cent. In first two quarters of 2015, world merchandise exports value growths were at -12.4 per cent and -13.2 per cent respectively. Such negative growth trend can be seen in all the major trading countries except China which also shows a deceleration in export growth.

3.73 In both Q1 and Q2 of 2015 services export growth was negative at (-) 5.1 % and (-) 8.1 % respectively for World. It was also negative for Germany (-12.9% and -13.6 %), Hong Kong (-0.3% and 0.1 %), Singapore (-5.5 % and -2.4 %) and UK (-4.5% and -6.5 %). For India it was negative in Q1 and positive in Q2 (-1.9% and 1.3%). The situation is almost similar in the case of services imports and merchandise imports

India's Exports: Services Vs Merchandise

3.74 Since December 2014, India's merchandise export growth is in negative territory. It declined by 17.6 per cent in (April-October) 2015-16. While the major decline is due to decline in POL sector by 51.3 per cent with fall in global crude oil prices, non-oil exports also have declined by 8.7 per cent during this period.

3.75 In 2014-15, growth of services exports of US\$ 155.5 billion was positive though low at 2.6 per cent. Services imports grew by 1.6 per cent to US\$ 79.7 billion resulting in net services of US\$ 75.7 billion with 3.7 per cent growth in the same period. As per the latest RBI data, India's services export growth, services import growth and net services growth are still positive in Q1 of 2015-16, though they are very low. Net transfers (remittances) growth has however become negative in Q1 of 2015-16. Even in the aftermath of global crisis of 2008, there was no decline in the level of remittances. Lower oil prices and relative lower spending could be the reasons for the fall in growth of remittances inflows represented by private transfers inflow at -2.1 % in Q1 2015-16.

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

TRADE

Trade Performance during 2015-16 (April-November)

3.77 International trade has been affected in recent years by the global economic slowdown and since the second half of 2014-15, also been affected in value terms by the decline in global commodity prices. India's exports (on customs basis) reached a peak level of US\$ 314.4 billion in 2013-14 and decelerated marginally to US\$ 310.3 billion in 2014-15, mainly on account of subdued global demand. During 2015-16 (April-November), exports declined by 18.5 per cent on account of subdued global demand coupled with falling commodity prices, particularly crude oil prices.

3.78 Merchandise imports into India (customs basis) declined in 2013-14 to US\$ 450.2 billion partly driven by import restrictions placed then and the sharp depreciation of the rupee. After remaining at about the same level in 2014-15 (US\$ 448.0 billion), even after import restrictions were lifted during the course of the year, this year's imports declined by 17.2 per cent to US\$ 261.9 billion in 2015-16 (April-November), as against US\$ 316.3 billion in the corresponding period of last year. During 2015-16 (April-November), import of Petroleum, Oil and Lubricants (POL) declined by 42.4 per cent, mainly due to the decline in average crude petroleum oil price from US\$ 101.9 per barrel in 2014-15 (April-November) to US\$ 52.9 per barrel in 2015-16 (April-November). Non-POL imports also declined by 4.4 per cent in 2015-16 (April-November). However, gold and silver imports was US\$ 25.4 billion in 2015-16 (April-November) as against US\$ 27.8 billion in 2014-15 (April-November). Growth of Non-POL non-gold and silver imports (which reflects the import of capital goods and inputs needed for exports and industrial activity) was at (-) 3.8 per cent in 2015-16 (April-November) reflecting continued weak global demand. The upshot of the above developments was that during 2015-16 (April-November), trade deficit decreased to US\$ 87.5 billion as compared to US\$ 102.5 billion in the corresponding period of previous year.

Quarterly Trends of Merchandise Trade

3.79 An analysis of the quarterly performance of exports and imports shows that the growth of POL exports started declining from Q3 of 2013-14. Non POL exports also registered a decline since Q4 of 2014-15 (Table 3.26). POL import growth has also shown decline from Q3 of 2014-15 largely reflecting the sharp fall in petroleum product prices. Non POL import which grew by 25.8 per cent in Q3 of 2014-15, started decelerating and turned negative, declining by 0.4 per cent in Q2 of 2015-16. Growth of non-POL non-gold and silver imports was positive in all the quarters of 2014-15 and Q1 of 2015-16. However, it declined by 4.0 per cent in Q2 of 2015-16.

Table 3.26: Growth rate of exports and imports (percentage change Y-o-Y)

	2013-14				2014-15 (P)				2015-16 (P)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total Exports	-0.1	12.9	7.3	-0.5	8.8	1.4	0.6	-14.7	-16.3	-18.4
POL Exports	7.0	30.1	-11.1	-6.1	18.2	-8.9	-2.8	-45.6	-51.0	-49.5
Non POL Exports	-1.7	8.6	13.1	0.8	6.6	4.5	1.4	-7.8	-7.1	-10.3
Total Imports	3.7	-8.6	-15.1	-12.0	-6.3	10.3	8.4	-13.4	-12.5	-15.5
POL Imports	-1.0	1.0	0.9	0.8	3.7	2.2	-19.0	-48.9	-38.8	-44.0
Non POL Imports	6.1	-13.6	-22.9	-18.4	-11.1	15.1	25.8	8.6	2.1	-0.4
Gold & silver Imports	88.6	-59.0	-76.3	-62.9	-54.9	77.6	196.9	56.5	4.1	29.6
Non (POL+ Gold & Silver) Impors	-5.5	-5.7	-8.8	-7.6	1.2	10.4	14.1	3.9	1.9	-4.0

Source: Department of Commerce.

Composition of Trade

3.80 Exports: Total exports declined by 1.3 per cent to US\$ 310.3 billion in 2014-15 from US\$ 314.1 billion in 2013-14. The decline in exports, observed in 2014-15, continued through 2015-16 (April-October) and declined by 17.4 per cent. Exports of base metals, machinery, transport equipments, textiles, leather and leather manufactures and marine products witnessed positive growth in 2014-15; but have declined in 2015-16 (April-October) (Table 3.27). Exports of petroleum products, agriculture and allied products, ores and minerals, gems and jewellery, plastic and rubber articles and electronic items declined in both 2014-15 and also in 2015-16 (April-October).

Table 3.27: Sector-wise share and growth rate of exports

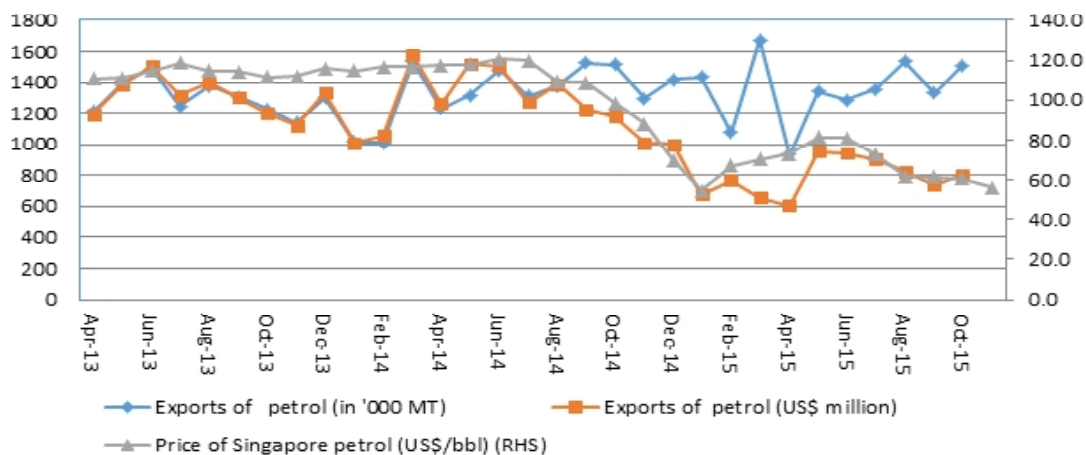
	Share				Growth rate			
	2013-14	2014-15	2014-15	2015-16	2013-14	2014-15	2014-15	2015-16
			(April-October)				(April-October)	
Plantation	0.5	0.5	0.5	0.6	-11.7	-7.5	-5.8	2.3
Agri & allied products	10.5	9.7	9.3	8.9	0.9	-8.5	-5.0	-20.9
Marine products	1.6	1.8	1.8	1.9	44.8	9.8	23.3	-15.8
Ores and minerals	1.1	0.8	0.7	0.7	-2.6	-32.7	-30.0	-25.0
Leather and leather manufactures	1.8	2.0	2.0	2.2	17.2	8.3	16.1	-9.9
Gems & jewellery	13.2	13.3	13.3	15.1	-3.7	-0.3	-2.6	-6.3
Chemicals and related products	9.8	10.2	10.0	12.2	6.5	3.0	6.3	1.1
Plastic and rubber articles	2.2	2.1	2.2	2.4	11.0	-3.6	5.8	-8.0
Base metals	7.1	8.0	7.4	7.4	4.2	10.6	15.2	-17.5
Electronics items	2.4	1.9	1.9	2.0	-5.2	-21.3	-20.2	-11.5
Machinery	5.6	6.3	6.1	7.1	5.8	12.2	15.4	-4.2
Transport equipments	7.0	8.6	8.0	8.4	15.2	20.2	21.3	-13.7
Textiles and allied products	11.8	12.0	11.3	13.4	12.4	0.5	8.4	-2.0
Petroleum crude & products	20.1	18.3	21.0	12.4	3.8	-10.1	2.7	-51.2
Others	5.3	4.5	4.4	5.4	-0.6	-16.0	-19.1	0.3
Total exports	100.0	100.0	100.0	100.0	4.7	-1.3	3.3	-17.4

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

Note: Growth rate is US dollar terms: P stands for provisional.

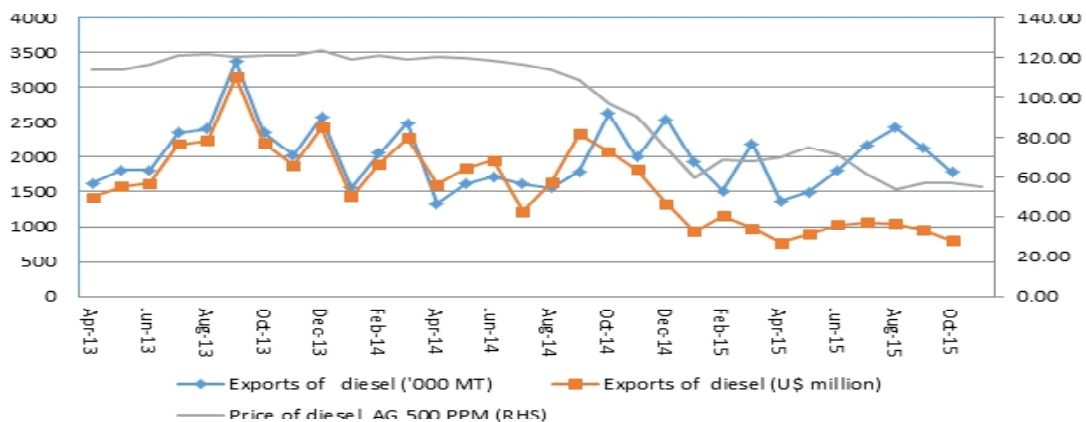
3.81 Exports of petroleum products is the major product group of India's exports, constitutes nearly 20 per cent of total exports. Petrol and diesel are the two major items of petroleum products exports, accounted for 65.5 per cent in 2013-14 and 68.4 per cent in 2014-15 in total exports of petroleum products from India (as per the data on the imports and exports provided by Petroleum, Planning and Analysis Cell (PPAC), Ministry of Petroleum and Natural Gas (MOP&NG)). Quantity and value of exports of both petrol and diesel are given in Figure 3.13 and 3.14 which show India's export price of both items track international f.o.b price. Quantities of exports of both these items have been more or less unchanged leading to the fall in the value of exports. India has become a global refining hub with significant excess refining capacity in petroleum products. As such a part of the oil imports is exported after value addition in the form of refining. Hence, the fall in exports of POL products is better appreciated by understanding whether value added in net export terms has come down. The difference between the global crude petroleum prices and the two petroleum product prices can be a proxy indicator of the net value added component of India's POL exports. While there is some diminution in the nominal level of value added in refining in diesel between the two periods-crude petroleum price above US\$ 100/bbl prior to August 2014 and post August 2014 prices, there is a gain in value added in refining petrol (Figure 3.15). In both case, the proportion of value added in refining to total value of the product has risen indicating net gain in the latter period.

Figure 3.13: Quantity and value of India's petrol exports and international petrol price



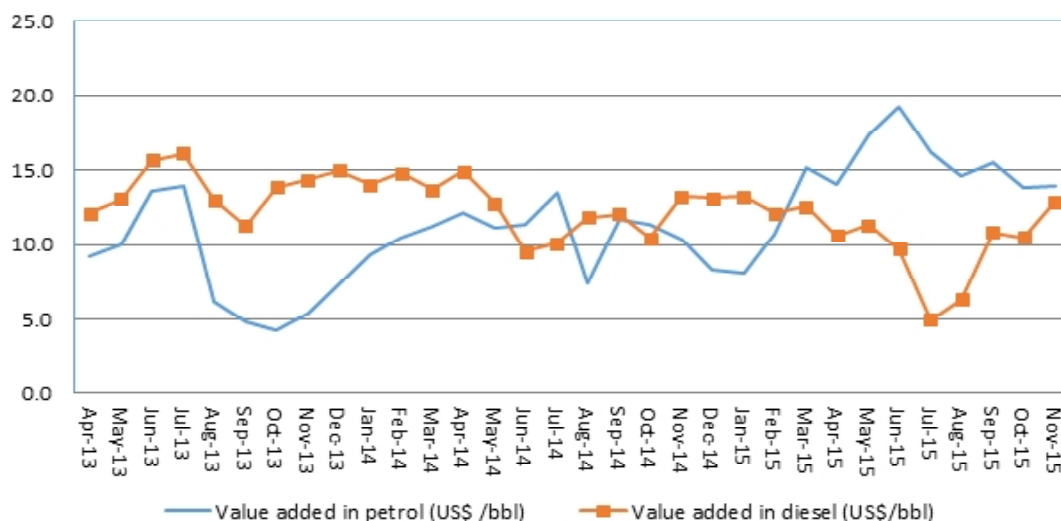
Source: PPAC, MOP&NG

Figure 3.14: Quantity and value of India's exports of diesel and international diesel price



Source: PPAC, MOP&NG

Figure 3.15: India's value added in petrol and diesel exports (US\$ per barrel)



Source: PPAC, MOP&NG

3.82 The decline in exports was broad based, except exports of chemicals and related products which registered low growth rate of 1.1 per cent in 2015-16 (April-October). In terms of point contribution (decomposition of decline in exports by components), the decline in exports of petroleum products (62.0 per cent), agriculture and allied products (11.2 per cent), base metals (7.5 per cent) and transport equipment (6.3 per cent), were the major items accounting for the total decline in 2015-16 (April-October).

3.83 **Imports:** Imports declined marginally to US\$ 448.0 billion in 2014-15 as compared to US\$ 450.2 billion in 2013-14. Imports declined during 2015-16 (April-October) by 15.2 per cent (Table No. 3.28). The decline in international crude oil prices along with softening of international commodity prices contributed significantly to the reduction of import bill in the financial year 2014-15 and also in 2015-16 (April-October).

Table 3.28: Sector wise share and growth rate of imports

	Share				Growth rate			
	2013-14	2014-15	2014-15	2015-16	2013-14	2014-15	2014-15	2015-16
			(April-October)				(April-October)	(P)
Plantation	0.2	0.2	0.2	0.2	3.5	-3.8	-3.9	-17.0
Agri & allied products	3.0	4.2	4.2	5.1	-19.6	40.9	49.9	3.6
Ores and minerals	5.5	6.0	5.6	5.5	-5.4	9.4	11.5	-16.9
of which	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
coal, coke and briquettes etc	3.6	4.0	3.6	3.5	-3.5	7.9	3.6	-17.8
Gems & jewellery	13.0	13.9	13.1	14.6	-30.3	6.7	-8.9	-5.4
of which	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pearl, precious, semi pre. stones	5.3	5.0	5.0	5.0	5.7	-6.4	-5.7	-15.6
Gold	6.4	7.7	7.7	8.3	-46.7	19.9	-11.0	1.4
Silver	1.0	1.0	1.1	1.0	129.9	-0.4	-11.1	-10.1
Chemicals and related products	7.9	8.6	8.6	10.2	-4.8	8.2	6.5	1.5
of which	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fertilizer	1.4	1.7	1.5	2.6	-28.5	18.1	-10.2	47.4
Organic chemicals	2.5	2.5	2.7	2.6	9.6	2.5	12.2	-17.5
Plastic and rubber articles	2.8	3.2	3.3	3.6	2.1	12.2	18.4	-5.4
Base metals	4.8	6.0	5.7	6.5	-19.3	25.4	19.1	-3.1
Electronics items	7.2	8.2	7.9	10.3	-1.5	13.8	8.8	11.2
Machinery	6.9	7.1	6.6	8.0	-12.9	3.0	-1.9	3.4
Transport equipments	3.6	3.4	2.5	2.9	-8.5	-5.4	-25.1	-0.8
Petroleum crude & products	36.6	30.9	34.7	23.7	0.4	-16.0	-0.4	-42.0
Others	8.5	8.1	7.7	9.2	5.9	-4.9	-3.9	1.3
Total imports	100.0	100.0	100.0	100.0	-8.3	-0.5	1.9	-15.2

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

Note: Growth rate is US dollar terms: P stands for provisional.

3.84 Petroleum, Oil and Lubricants (POL) imports accounted for about 31 per cent of total imports in 2014-15. POL imports declined by 16.0 per cent and 42.0 per cent respectively in 2014-15 and 2015-16 (April-October). This was the result of decline in the international crude oil prices of the Indian basket (average) which was US\$105.5 /bbl in 2013-14, to US\$ 84.2 /bbl in 2014-15 and further to US\$ 54.4 /bbl in 2015-16 (April-October). Imports of agriculture and allied products, gold, fertilizer, electronic items and machinery witnessed positive growth rates in 2014-15 and also in 2015-16 (April-October) (Table 3.28). However imports of petroleum crude and products, pearls, precious and semi-precious stones and transport equipment registered negative growth in both 2014-15 and 2015-16 (April-October). Imports of coal, coke and briquettes, organic chemicals, plastic rubber and base metals registered positive growth rates in 2014-15 and exhibit decline in 2015-16 (April-October).

Direction of Trade

3.85 Trade diversification on a significant basis as a part of adaptation is discernible in India's trade in response to global economic developments of weakening of demand and changes in global commodity prices. Regionwise, India's exports to Asia, which account for nearly 50 per cent of India's total exports, and European Union (15.9 per cent share in the total exports) exhibited a negative growth of 1.0 per cent and 4.4 per cent respectively in 2014-15. On the contrary, India's exports to Africa and America regions with a share of 10.6 per cent and 19.0 per cent in total exports witnessed a growth of 5.2 per cent and 8.9 per cent respectively in 2014-15. Within Asia, India's exports to South Asia (6.6 per cent share) registered a remarkably high growth of 17 per cent in 2014-15. Countrywise, USA, UAE and Hong Kong are the major export destinations of India which registered a growth rate of 8.4 per cent, 8.2 per cent and 6.8 per cent respectively in 2014-15. India's exports to China and Saudi Arabia declined by 20.0 per cent and 8.6 per cent respectively in 2014-15. During 2015-16 (April-October), India's exports to all regions registered a negative growth. There has been a broad based decline in exports to major export destination of India, such as, USA (- 5.4 per cent), UAE (-7.4 per cent), Saudi Arabia (-47.1 per cent), Hong Kong (-12.7 per cent) and China (-20.4 per cent).

3.86 India's imports from European Union, America and Asia witnessed a decline in 2014-15 as well as in 2015-16 (April-October). However India's imports from European Free Trade Association and Africa increased by 15.3 per cent and 5.5 per cent respectively in 2014-15 but declined by 14.9 per cent for both in 2015-16 (April-October). Asia is the largest source of India's imports, which accounts for 58.9 per cent of India's total imports, exhibited a decline of 3.4 per cent in 2014-15 and 16.0 per cent in 2015-16 (April-October). Within Asia, India's imports from West Asia Gulf Cooperation Council (GCC) and other West Asia Europe witnessed a sharp decline of 37.8 per cent and 26.0 per cent in 2015-16 (April-October), mainly due to the fall in crude oil prices. On the other hand, India's imports from North East Asia and South Asia increased by 3.6 per cent and 10.3 per cent respectively in 2015-16 (April-October).

Foreign Trade Policy

3.87 Five-year Foreign Trade Policy (FTP) 2015-20 was announced on April 1, 2015. The main focus of new FTP was on improving 'Ease of Doing Business' and Trade Facilitation. The New Trade Policy complements the other key initiatives of the Government like 'Make in India', 'Digital India' and 'Skills India' through a framework that harmonises incentive structure for exports, promotes domestic value addition and trade facilitation with enhanced ease of business as the key focus areas. The main thrust is on online filing of documents/applications and paperless trade in 24x7 environment.

3.88 The FTP harmonizes and liberalises trade incentive through a convergence of various schemes and basis of rewards. The five earlier schemes focused on markets and products

have been converged into a 'Merchandise Exports from India Scheme' (MEIS) and The 'Services Exports from India Scheme' (SEIS) has been drawn up with incentives based on f.o.b value and net foreign exchange earnings, respectively. These incentives have been extended to Special Economic Zone (SEZ). Besides, duty free scrips have been made freely transferable and eligible for payment for excise and service tax.

Recent Developments in the World Trade Organization (WTO) Negotiations

3.89 The Tenth Ministerial Conference of the WTO is scheduled to be held in Nairobi, Kenya, from December 15-18, 2015. Negotiations are now underway on possible outcomes of the Nairobi meeting. The difficulty is that there are fundamental divergences between the interests and underlying motives of the developed countries and most of the developing countries. The developed countries, principally the United States, no longer perceive the Doha round as beneficial for them and would, therefore, like to close the Doha Round as early as possible. They do not want to undertake some of the commitments that the mandate of the Doha Round envisages, such as limits on agricultural subsidies, simplification of tariffs etc. They have been urging WTO Members to lower their ambition and work towards re-calibrated, simplified and do-able outcomes. The implication is that they should be willing to move away from the present versions of the negotiating texts and even the mandate of the Round, if necessary. The developed countries have also sought to bring about a differentiation among the developing countries and have said that emerging countries, like India, China, Brazil etc. need to take higher commitments and should not be provided recourse to get the special and differential treatment provisions available to developing countries. India, along with other developing countries have been resisting these efforts and working for outcomes on the basis of the Doha Development mandate.

3.90 India has been consistent in its stand that the Round must contribute to development as per the mandate of the Doha Development Agenda (DDA) and that all the issues in the agenda must be addressed. India is working with other developing countries to ensure that any package delivered in Nairobi is balanced and addresses the concerns of the developing countries.

3.91 In July 2014, India had decided not to join the consensus in the WTO on the implementation of the Trade Facilitation Agreement (TFA) till its concerns relating to the implementation of other Bali Ministerial Decisions, in particular, the Decision on Public Stockholding for Food Security Purposes, were addressed. Once this was done through a decision of the WTO General Council, India joined the consensus on implementation of the TFA. The Government is working on its notification commitments as well as internal processes for ratifying the Agreement.

BALANCE OF PAYMENTS

3.92 After high and near unsustainable level of current account deficit (CAD) from 2011-12 to 2013-14 Q1, India's balance of payments situation subsequently has been benign and comfortable. India's CAD remained subdued in 2013-14 owing to the policies of restriction on imports. CAD continued to be low at US\$ 27.9 billion in 2014-15. This was achieved even though restrictions were lifted during the course of the year. This process continued in the current fiscal. During Q1 of 2015-16, CAD was lower at US\$ 6.2 billion (1.2 per cent of GDP) as compared to US\$ 7.9 billion (1.6 per cent of GDP) in Q1 of 2014-15. Sustained capital inflows, particularly in the form of foreign direct investment and non-resident deposits, adequately financed CAD and led to an accretion to foreign exchange reserves in 2013-14, 2014-15 and Q1 of 2015-16. Moderate growth in the invisibles' surplus coupled with lower trade deficit, resulted in lower CAD in Q1 of 2015-16.

3.93 BoP data on imports and exports broadly follow the merchandise trade data on customs basis but are somewhat different owing to leads and lags between the dates of payments and actual importation or exports of goods. Merchandise exports (on a BoP basis), declined by 0.6 per cent and 16.8 per cent respectively in 2014-15 and Q1 of 2015-16. As explained earlier, merchandise exports declined mainly on account of decline in the exports of petroleum products, gems and jewellery and agriculture and allied products. Similarly, merchandise imports declined by 1.1 per

cent and 12.1 per cent respectively in 2014-15 and Q1 of 2015-16. Here again lower levels of Petroleum, Oil and Lubricants (POL) imports were the main reason for the decline in total imports. POL imports declined by 38.8 per cent in Q1 of 2015-16, mainly due to fall in international crude oil price (Indian Basket) from US\$ 105.5/bbl in 2013-14 to US\$ 84.2/bbl in 2014-15 and further to US\$ 61.6/bbl in Q1 of 2015-16. Gold imports grew by 6.6 per cent to US\$ 7.5 billion in the Q1 of 2015-16 as compared to US\$ 7.1 billion in the Q1 of 2014-15. Trade deficit (on BoP basis) declined from US\$ 147.6 billion in 2013-14 to US\$ 144.2 billion in 2014-15. During Q1 of 2015-16, trade deficit declined marginally from US\$ 34.6 billion in Q1 of 2014-15 to US\$ 34.2 billion. Trade deficit as a proportion of GDP was 7.0 per cent in 2014-15 and 6.7 per cent in Q1 of 2015-16.

3.94 The RBI publishes BoP numbers in both revised format of BoP presentation provided in IMF's Balance of Payment Manual 6 (BPM6) as well as in old format (BPM5). There is some difference in the level of CAD as well as terms of the two sets. For the sake of continuity in understanding and comparison, the salient features of BoP developments during 2012-13, 2013-14, 2014-15 and Q1 of 2014-15 and 2015-16, as per the old format is given in the following table.

Table 3.29: Major Components of Balance of Payments

(US\$ billion)

	Items	Full Year			Q1	
		2012-13	2013-14 PR	2014-15 P	2014-15 PR	2015-16 P
1	Exports	306.6	318.6	316.7	81.7	68.0
2	Imports	502.2	466.2	460.9	116.3	102.2
3	Trade Balance	-195.7	-147.6	-144.2	-34.6	-34.2
4	Net Invisible	107.5	115.2	116.2	26.7	28.0
	Non-factor services (net)	64.9	73.0	75.7	17.0	17.4
	Income (net)	-21.5	-23.0	-25.0	-6.7	-5.6
	Pvt. transfers (net)	64.3	65.5	66.3	16.6	16.3
	Official transfers (net)	-0.3	-0.2	-0.7	-0.2	-0.1
5	Current Account Balance	-88.2	-32.4	-27.9	-7.9	-6.2
6	External assistance (net)	1.0	1.0	1.6	-0.1	0.3
7	Commercial Borrowing (net)	8.5	11.8	2.7	1.3	-1.3
8	FDI (net)	19.8	21.6	32.6	7.9	10.2
9	Portfolio (net)	26.9	4.8	40.9	12.4	-2.3
10	Short term Debt (net)	21.7	-5.0	-0.9	0.2	-0.8
11	NRI Deposits (net)	14.8	38.9	14.1	2.4	5.9
12	Errors & Omission	2.7	-0.9	-0.6	-0.1	-0.5
13	Capital Account Balance (including errors & Omission)	92.0	47.9	89.3	19.0	17.6
14	Overall Balance	3.8	15.5	61.4	11.2	11.4
15	Change in Reserves (-indicates increase; + indicates decrease) (on BOP Basis)	-3.8	-15.5	-61.4	-11.2	-11.4

P: Preliminary, PR: Partially Revised.

Note Total may not tally due to rounding off. Source: RBI

3.95 Invisibles' surplus at US\$ 116.2 billion in 2014-15 is more or less stagnant as compared to US\$ 115.2 billion in 2013-14. This owes to the fact that the two buoyant sources namely software services exports and remittances have not grown fast enough to overcome the drag of outgo on account of net investment income. Net services at US\$ 17.4 billion recorded a growth of 2.6 per cent in Q1 of 2015-16. Net private transfer (remittances) is another important item of invisibles, which increased marginally by 1.2 per cent in 2014-15 to US\$ 66.3 billion. During Q1 of 2015-16, it declined marginally to US\$ 16.3 billion from US\$ 16.6 billion in Q1 of 2014-15. Net outflow on account of investment income (profit, dividend and interest) has been increasing steadily since 2009-10 from US\$ 8 billion to US\$ 23 billion in 2013-14 and further to US\$ 25 billion in 2014-15, which accounted for 89.0 per cent of current account deficit in 2014-15. However, net outflow of investment income moderated to US\$ 5.6 billion in Q1 of 2015-16 from US\$ 6.7 billion in Q1 of 2014-15.

3.96 The stress in BoP situation arises in the emerging markets that have a sustained CAD when the levels of financing are inadequate. This could typically arise from a global financial turmoil with a perceived risk aversion in general or in response to the recipient country's economic fundamentals. The stress is larger if the CAD is large and depend on volatile flows. Foreign investment is an important item of capital/finance account of BoP and is typically preferred over debt flows. During 2014-15, there was huge surge in net foreign investment to US\$ 73.5 billion as compared to US\$ 26.4 billion in 2013-14. Huge increase in foreign investment is due to increase in both foreign direct investment and portfolio investment. Net foreign direct investment reached an all-time high level of US\$ 32.6 billion in 2014-15 (US\$ 22.4 billion in 2008-09). Similarly, net portfolio investment also reached highest level of US\$ 40.9 billion in 2014-15 (US\$ 32.4 billion in 2009-10). On net basis, while foreign direct investment inflows recorded a significant rise in Q1 of 2015-16 at US\$10.2 billion over US\$7.9 billion in Q1 of 2014-15, there was net outflow of US\$ 2.3 billion on account of portfolio investment in Q1 of 2015-16 as against net inflow of US\$ 12.4 billion in Q1 of the previous year, primarily on account of substantial sell off in the debt market by foreign investors. As such, portfolio investment remains volatile component in the short run that exacerbates the stress.

3.97 In 2015-16 Q1, debt flows constituted 38.4 per cent of total capital/finance account flows. In 2014-15, NRI deposits decreased to US\$ 14.1 billion as against US\$ 38.9 billion in 2013-14. NRI deposits increased to US\$ 5.9 billion in Q1 of 2015-16 as against a level of US\$ 2.4 billion in the Q1 of 2014-15. Net capital flows in 2014-15 was second highest in history at US\$ 89.3 billion; the highest ever was US\$ 106.5 billion in 2007-08. As a proportion of GDP, net capital inflows were 4.4 per cent during 2014-15 (2.6 per cent of GDP during 2013-14). The net capital inflows were 3.4 per cent of GDP during Q1 of 2015-16 (3.8 per cent of GDP during Q1 of 2014-15). Capital flows were sufficient to finance the current account deficit (CAD) and there was a substantial accretion in foreign exchange reserves of US\$ 11.4 billion in 2015-16 (Q1).

Foreign Exchange Reserves

3.98 The stock of foreign exchange reserves at US\$ 351.6 billion as on November 27, 2015 were higher as compared to the level at end-March 2015 by US\$ 10.0 billion (Table 3.30). The accretion or drawdown of foreign currency assets (FCA) is a direct consequence of RBI's intervention in the foreign exchange markets mainly to modulate the volatility in exchange rate movements to align to its fair value of the real effective exchange rate (REER) index.

Table 3.30 : Movement in Foreign Exchange Reserves

(US\$ million)

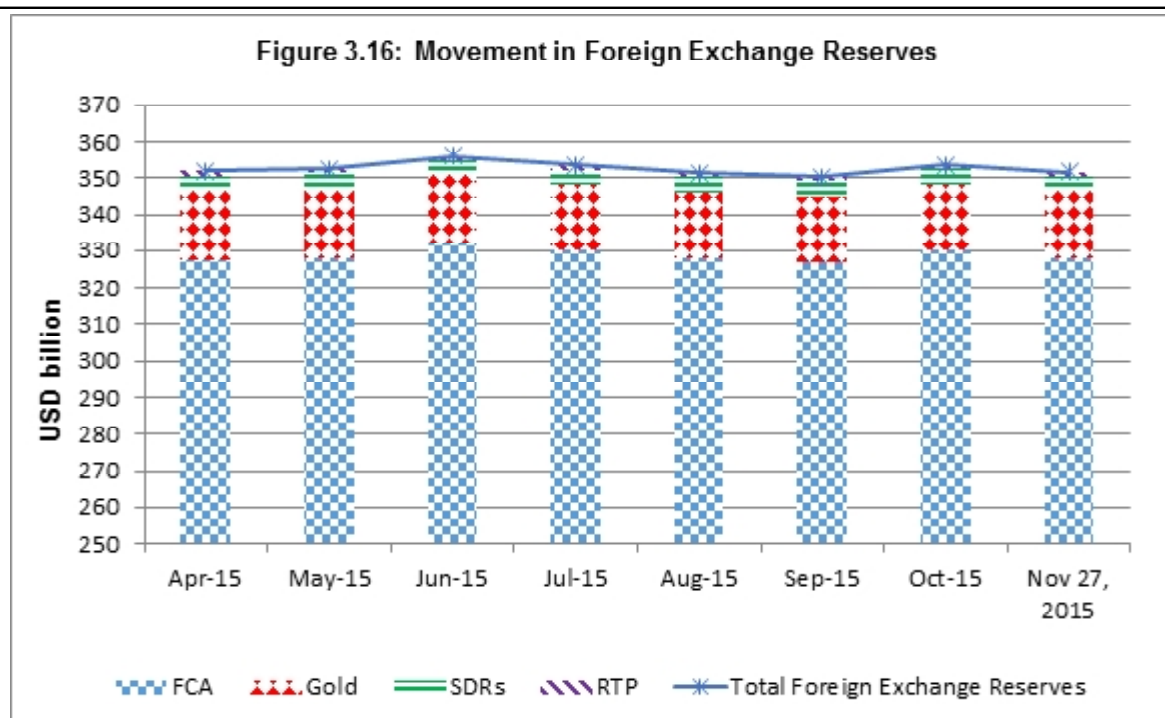
Month End	FCA	Gold	SDR	RTP	Total forex reserves
April 2015	327,153	19,336	4,063	1,317	351,869
May 2015	327,820	19,340	4,017	1,302	352,479
June 2015	331,547	19,074	4,063	1,317	356,001
July 2015	329,875	18,250	4,029	1,306	353,460
August 2015	328,056	18,035	4,056	1,291	351,438
September 2015	326,768	18,152	4,055	1,314	350,289
October 2015*	330,141	18,152	4,036	1,308	353,637
November 27, 2015	327,669	18,692	3,968	1,287	351,616

*as on October 30, 2015

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.

Source:RBI



Source:RBI

3.99 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. Country wise details of foreign exchange reserves reveal that India was the ninth largest holders of foreign exchange reserves after China, Japan, Saudi Arabia, Switzerland, Taiwan, Korea, and Brazil (Table 3.31).

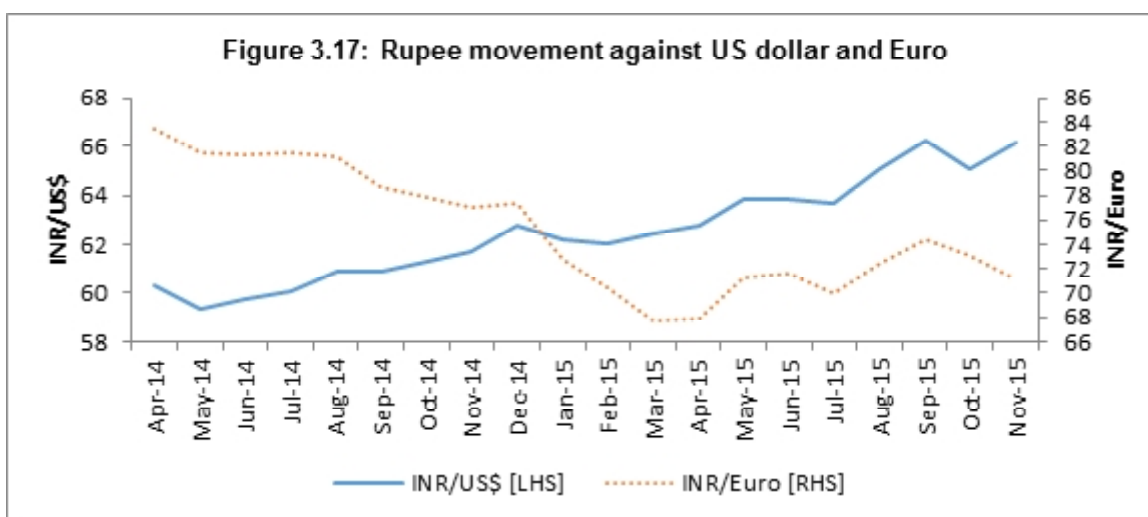
Table 3.31: Country-wise Foreign Exchange Reserves
(End-September 2015)
(US\$ billion)

Country	Reserves
China	3,514.0
Japan	1,248.9
Saudi Arabia	654.5
Switzerland	598.7
Taiwan	426.3
Russia	371.3
Republic of Korea	368.1
Brazil	361.4
India	350.3
Hong Kong	345.8
Singapore	251.6
Thailand	155.5
Germany	181.4
France	141.1

Source: International Financial Statistics, IMF and respective central banks.

Exchange Rate of Rupee

3.100 In the current fiscal 2015-16 (April-November), the average monthly exchange rate of rupee (RBI's reference rate) was in the range of ₹ 62 - 67 per US dollar (₹ 62.75 per US dollar in April 2015 and ₹ 66.22 per US dollar in September 2015) (Figure 3.17). During 2015-16, the average monthly exchange rate of rupee was ₹ 62.75 per US dollar in April, 2015, ₹ 66.22 in September 2015, ₹ 65.06 in October 2015, ₹ 66.12 in November 2015, showing a depreciation of 5.7 per cent, 4.0 per cent and 5.6 per cent respectively in September, October and November over the level of ₹ 62.45 per US dollar in March 2015 (Table 3.32).



Source: RBI

Table 3.32: 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)
2015-16 (Monthly Average)					
April	62.7532	93.9083	67.7934	52.5306	5,431
	(-0.48)	(-0.40)	(-0.24)	(-1.22)	
May	63.8003	98.8205	71.2135	52.8268	2,578
	(-1.64)	(-4.97)	(-4.80)	(-0.56)	
June	63.8607	99.3620	71.5874	51.6473	565
	(-0.09)	(-0.55)	(-0.52)	(2.28)	
July	63.6350	99.0771	70.0292	51.6143	169
	(0.35)	(0.29)	(2.23)	(0.06)	
August	65.0723	101.4870	72.5145	52.8690	-1,559
	(-2.21)	(-2.37)	(-3.43)	(-2.37)	
September	66.2178	101.6029	74.3909	55.1490	-60.0
	(-1.73)	(-0.11)	(-2.52)	(-4.13)	
October	65.0580	99.7563	73.0629	54.1920	1,934
	(1.78)	(1.85)	(1.82)	(1.77)	
November	66.1171	100.6188	71.0917	54.0078	N.A.
	(-1.60)	(-0.86)	(2.77)	(0.34)	
Note: Figures in parentheses indicate appreciation(+) and depreciation (-) over previous month in per cent.					
N.A.: Not Available.					
Source: RBI					

3.101 In general, the rupee has experienced bouts of sharp volatility in August 2015, triggered by devaluation of Chinese yuan for three straight days from August 11, 2015 to August 13, 2015. The rupee was quoting at ₹ 63.76 per US dollar on August 10, 2015, while on August 14, 2015, it was ₹ 65.12 (RBI reference rates) per US dollar. In order to curb volatility, the Reserve Bank has intervened in foreign exchange market. Indian Rupee depreciated by 6.3 per cent at end November 2015 over end March 2015 which show that the Indian Rupee fared relatively better in comparison to other peer economies (Table 3.33).

**Table 3.33 : Movement in Exchange Rates of Select EMEs against US Dollar :
Appreciation (+) / Depreciation (-) in per cent**

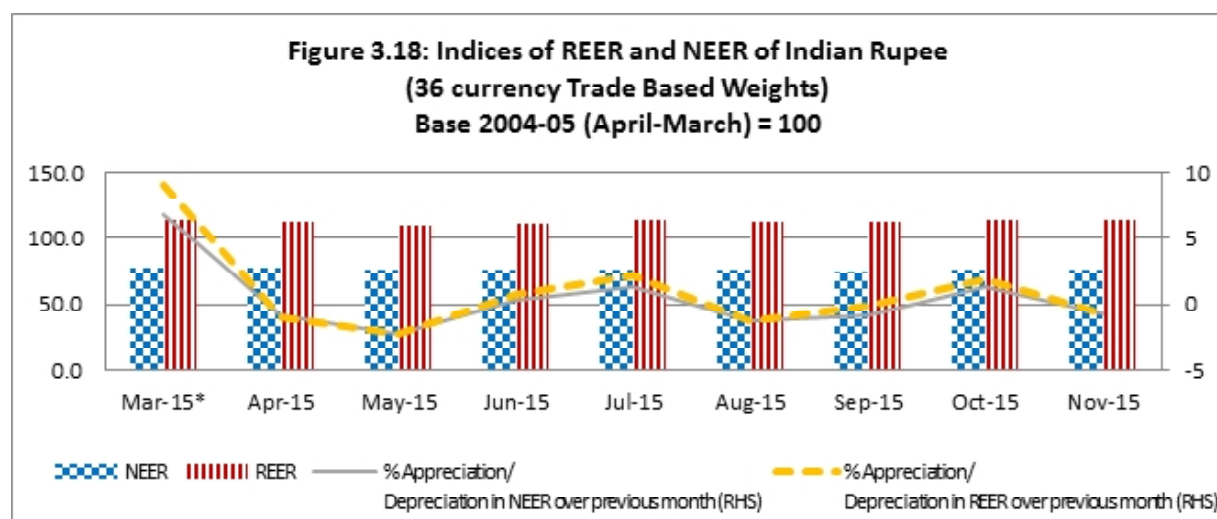
Currency	End March					End November 2015 over end March 2015
	2011 @	2012 @	2013 @	2014 @	2015 @	
Current Account Deficit Countries						
Brazilian Real	9.7	-10.8	-9.0	-10.9	-30.7	-12.1
Indian Rupee	1.1	-12.7	-5.9	-9.5	-4.0	-6.3
Mexican Peso	4.2	-7.0	3.7	-5.4	-14.5	-8.0
South African Rand	8.0	-11.5	-16.6	-13.1	-13.1	-15.7
Indonesian Rupiah*	4.7	-5.1	-5.5	-14.8	-12.8	-5.5
Thai Baht	6.7	-1.8	5.3	-9.7	-0.3	-9.3
Current Account Surplus Countries						
Malaysian Ringgit	8.2	-1.4	-0.7	-5.5	-12.1	-12.8
Korean Won	2.2	-2.7	2.3	4.1	-3.3	-3.9
Russian Ruble	3.4	-2.8	-5.6	-12.7	-38.2	-13.6
Euro	5.4	-6.0	-4.1	7.7	-22.0	-1.7
Chinese Yuan	4.1	4.2	0.4	1.9	0.2	-4.0

Source: IMF

@ year-on-year variation

* Current account in these traditionally surplus countries has recently turned into deficit

3.102 The nominal exchange rate conveys the broad direction and extent of the purchasing power, however, it is the real effective exchange rate (REER) that reflects better the competitiveness of the economy. Trend in REER predominantly reflects movement in relative price level and nominal exchange rate against a basket of currencies of major trade partners and are a better indicator of competitiveness. Nominal Effective Exchange Rate (NEER) has remained fairly stable in the period April-November, 2015 (Table 3.34). The 36-currency REER of rupee depreciated by 0.2 per cent in November 2015 over March 2015 while in nominal effective terms, it depreciated by 2.8 per cent (Figure 3.18).



Source: RBI

**Table 3.34: 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	REER	% Appreciation (+)/Depreciation (-) over previous month
Mar-15*	76.77	6.8	113.15	9.0
Apr-15	76.13	-0.8	112.09	-0.9
May-15	74.45	-2.2	109.63	-2.2
Jun-15	74.68	0.3	110.53	0.8
Jul-15	75.63	1.3	112.96	2.2
Aug-15	74.74	-1.2	111.64	-1.2
Sep-15	74.16	-0.8	111.55	-0.1
Oct-15	75.13	1.3	113.66	1.9
Nov-15	74.61	-0.7	112.88	-0.7
*: For March 2015, appreciation/depreciation over the corresponding period of the previous year. Note: 1. From April 2015 onwards, appreciation/depreciation calculated over previous month. 2. REER figures are based on Consumer Price Index (Combined). Source : RBI				

External Debt

3.103 As a proportion of GDP, external debt was placed at 23.7 per cent in 2014-15 which indicates that external debt position remains in the comfort zone. India's external debt in nominal terms rose to a level of US\$ 482.9 billion at end-June 2015(P) over the level of US\$ 452.5 billion at end June, 2014. The rise in external debt by US\$ 8.5 billion at end June, 2015 over the level at end-March, 2015 owed to the rise in outstanding debt contracted under NRI deposits and ECBs. Debt service ratio remained unchanged at 7.5 per cent at end-June 2015 (P) vis-à-vis that at end- March 2015. The share of short-term debt to total debt continued to decline to 17.5 per cent at end-June 2015 from 17.9 per cent at end-March 2015. This reflected the moderation in the levels of value of imports into India led by the fall in global crude oil and other commodity prices.

3.104 The maturity profile of external debt continued to be largely long term. Concessional debt as proportion of total external debt has been declining reflecting the change in the composition of debt with government external debt not keeping pace with private/ commercial borrowings and NRI deposits (Table 3.35). There was also an improvement in the ratio of short-term debt to foreign exchange reserves. The comfortable external debt position testifies to the prudent external debt policy of the Government of India which places emphasis on closer monitoring of debt and calibrated liberalization based on the contextual analysis of the external economic situation that has been marked by serious uncertainty in recent years.

Table 3.35: 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
2010-11	317.9	18.2	4.4	14.9	95.9	21.3	20.4
2011-12	360.8	20.9	6.0	13.3	81.6	26.6	21.7
2012-13	409.5	22.3	5.9	11.1	71.3	33.1	23.6
2013-14	446.3	23.6	5.9	10.4	68.2	30.1	20.5
2014-15 PR	474.4	23.7	7.5	8.8	72.0	24.8	17.9
End-June 2015 P	482.9	24.0	7.5	8.7	73.7	23.7	17.5
PR: Partially Revised; P: Provisional.							
Sources: Ministry of Finance, Government of India and Reserve Bank of India.							

CLIMATE CHANGE

3.105 While focus on economic developments is an important aspect of economic analysis, it is useful to look at sustainability of economic activity. In this context, climate change is a major concern as it infringes on the welfare of future generations. An agreement to combat climate change was agreed by 195 nations on 12th December, 2015 in the 21st Conference of Parties (CoP) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Paris. The Paris Agreement for the first time brings all nations into a common cause based on their historic, current and future responsibilities.

3.106 The universal agreement's main aim is to keep the global temperature rise this century well below 2 degrees Celsius and to drive efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels. Additionally, the agreement aims to strengthen the ability to deal with the impacts of climate change.

3.107 The Paris Agreement and the outcomes of the UN climate conference (COP21) cover all the crucial areas such as:

- ◆ Mitigation – reducing emissions fast enough to achieve the temperature goal
- ◆ A transparency system and global stocktake – accounting for climate action
- ◆ Adaptation – strengthening ability of countries to deal with climate impacts
- ◆ Loss and damage – strengthening ability to recover from climate impacts
- ◆ Support – including finance, for nations to build clean, resilient futures
- ◆ Setting a long-term direction, countries will peak their emissions as soon as possible and

continue to submit national climate action plans that detail their future objectives to address climate change. This builds on the momentum of the unprecedented effort which has so far seen 188 countries contribute climate action plans to the new agreement, which will dramatically slow the pace of global greenhouse gas emissions.

- ◆ The new agreement also establishes the principle that future national plans will be no less ambitious than existing ones, which means these 188 climate action plans provide a firm floor and foundation for higher ambition. Countries will submit updated climate plans – called nationally determined contributions (NDCs) – every five years, thereby steadily increasing their ambition in the long-term. Climate action will also be taken forward in the period before 2020. Countries will continue to engage in a process on mitigation opportunities and will put added focus on adaptation opportunities. Additionally, they will work to define a clear roadmap on ratcheting up climate finance to USD 100 billion by 2020.
- ◆ This is further underlined by the agreement's robust transparency and accounting system, which will provide clarity on countries' implementation efforts, with flexibility for countries' differing capabilities. The agreement includes a robust transparency framework for both action and support.
- ◆ The agreement includes a global stocktake starting in 2023 to assess the collective progress towards the goals of the agreement. The stocktake will be done every five years.
- ◆ The agreement includes a compliance mechanism, overseen by a committee of experts that operates in a non-punitive way.
- ◆ The Paris Agreement underwrites adequate support to developing nations and establishes a global goal to significantly strengthen adaptation to climate change through support and international cooperation. Governments decided that they will work to define a clear roadmap on ratcheting up climate finance to USD 100 billion by 2020, while also setting a new goal on the provision of finance from the USD 100 billion floor before 2025.
- ◆ International cooperation on climate-safe technologies and building capacity in the developing world to address climate change are also significantly strengthened under the new agreement.

SOCIAL SECTOR

3.108 The agenda of the inclusiveness with high growth has been given higher priority by the Government that aims at broad-based improvement in the quality of life of the people, especially the poor and vulnerable. To achieve this objective, the Government has adopted a multipronged approach by focusing its interventions on human development issues like education, health,

sanitation, gender equality and social security in both rural and urban areas. In this context investments, especially in social infrastructure that build up human capital, are crucial which is evident from the consistent rise in the levels of social sector expenditure by the government (centre+state) in absolute terms.

3.109 Employment and Unemployment: The results of the qly quick employment surveys in the selected labour-intensive and export-oriented sectors by the Labour Bureau for the period March, 2015 over March, 2014 shows that the employment at overall level increased by 5.21 million. The highest contributor to this increase is the IT/BPOs sector (2.34 million), followed by Textiles including Apparels (2.21 million), Metals (0.75 million), Automobiles (0.26 million) and Gems & Jewellery sector (0.04 million). Employment has declined in Leather sector (0.18 million) followed by Handloom/Powerloom sector (0.11 million) and Transport sector (0.10) during the same period.

3.110 In the recent years the issue of reforms in the labour markets being debated in different forums. In addition to the Central government, the State governments have also initiated reforms in the labour market. The labour reforms by the Central government are briefly discussed in Box:

Box 3.4: Some labour reforms measures

Multiplicity of labour laws and the difficulty in their compliance has always been cited as an impediment to the industrial development and creation of jobs. In a major initiative for bringing compliance in the system, catalyzing the need of job creation and to ensure ease of doing business while ensuring safety, health and social security of every worker, the Government has put forth a set of a number of labour reform measures in 2014 and 2015. Some of them listed below:

- ◆ At present, there are 44 central labour which has been broadly proposed to be grouped into four or five Labour Codes on functional basis with the enactment of special law for small manufacturing units. In line with the recommendation of the Second National Commission on Labour, the Government has drafted a new Bill for regulating the working and service conditions of workers in small manufacturing units employing less than 40 workers and four Labour Codes Bill viz. Labour Code on Wages, Labour Code on Industrial Relations, Labour Code on Social Security & Welfare and Labour Code on Safety & Working Conditions by simplifying, amalgamating and rationalizing the relevant provisions of the central labour laws.
- ◆ The Government has developed a common registration form facility under 5 central labour acts by integrating the E-Biz portal which is likely to be launched very shortly. The 5 acts include the Employees Provident Fund & Miscellaneous Provisions Act 1952, the Employees State Insurance Act 1948, the Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996, the Contract Labour (Regulation & Abolition) Act 1970 and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act 1979.
- ◆ The Government has launched a National Career Service (NCS) portal as a mission mode project for transformation of the National Employment Service to provide online a variety of employment related services like career counselling, vocational guidance, information on skill development courses, apprenticeship, internship, etc. and it was dedicated to the nation by Hon'ble Prime Minister on 20th July 2015. Approximately 3,57,34,092 job seekers, 9,30,343 employers, 27,460 skill providers and 537 counsellors are registered on the NCS portal presently.
- ◆ The ESI scheme has been in operation for the social security of the organized sector's workers through ESI Corporation (ESIC) setup under the ESI Act, 1948. The ESI scheme

provides protection in contingencies such as sickness, maternity & death or disablement. The ESI scheme now applies to about 7.23 lakh factories benefiting about 2.03 crore insured person/ family units of workers with total beneficiary population over 7.89 crore. ESIC has launched a massive IT roll out programme named 'Project Panchdeep' and made most of the procedures simple and transparent. ESI has also launched a series of 2nd generation of health reforms agenda which include online availability of health record of ESI beneficiary, 'Abhiyan Indradhanush' to give more emphasis on hygiene and cleanliness, round the clock medical helpline number in all ESI hospitals, special OPD for senior citizens and differently-abled persons along with covering of all construction workers to avail the benefits under ESI scheme w.e.f. 1st August, 2015. In addition, ESIC scheme has been introduced in Arunachal Pradesh, Mizoram, Manipur and Andaman & Nicobar Islands and health scheme has opened for selected group of unorganized workers like rikshaw pullers/auto rikshaw drivers in selected urban/metropolitan areas.

Source: Ministry of Labour & Employment

Major Social Sector Programmes:

3.111 Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY): DDU-GKY mandates two components in every training course (i) a generic training on soft skills, English and Information Technology and (ii) trade specific skill training. Under the 12th Five Year Plan, a total of 6.21 lakhs candidates have been skilled and 3.94 lakhs candidates have been placed in regular wage employment. During 2015-16, against a target of skilling 1.78 lakhs candidates, 1.25 lakhs candidates have been trained and 0.37 lakhs candidates have been placed till October, 2015.

3.112 Pradhan Mantri Gram Sadak Yojana (PMGSY): Since inception under PMGSY-I, a total of 4, 54,048 kilometers (kms.) road length have been completed and new connectivity has been provided to over 1, 12,550 habitations by the States with the central release of ₹ 1, 27,824 crore by October, 2015. During 2015-16, the allocation of PMGSY is ₹ 15,291 crore and ₹ 8,593 crore has already been released to the State. During the year 2015-16, over 17,802 kms. all- weather roads have been completed with new connectivity to 3,913 habitations up to October, 2015. Under PMGSY-II launched in May, 2013, the government has taken a decision to accelerate execution of PMGSY and complete the connectivity mandate of the balance eligible habitations under PMGSY-I by March, 2019 well before the target year of 2022. At present, only 7 States have transited to PMGSY-II with sanctioned projects of 11, 234 kms. of roads.

3.113 National Social Assistance Programme: Under National Social Assistance Programme (NSAP) during 2015-16, an outlay of ₹ 9082 crore has been made for 293 lakh estimated beneficiaries. As part of the Government's decision, Direct Benefit Transfer (DBT) in Phase-I was introduced in 121 districts from 1st July, 2013 on pilot basis which has been rolled out across the country from 12th December, 2014. Records of 271.94 lakh beneficiaries have been digitized; 133.36 lakh and 63.19 lakh beneficiaries are respectively having Bank Account and Aadhaar seeding in NSAP-MIS.

3.114 Indira Awaas Yojana: The rural housing programme received an outlay of ₹ 10025 crore for the financial year 2015-16 for meeting the target of building 20.79 lakh houses. Central share of ₹ 6761.74 crore has been released to States and ₹ 915.42 crore of State's shares has been added to it as on 30th September 2015. States have reported sanction of 6.18 lakh houses (33 per cent for SCs-, 24 per cent for STs and 13 per cent for Minorities) of which 3.63 lakh houses have been constructed till 30th September 2015. All disbursements for sanctions issued in 2015-16 are being made through the Public Financial Management System from a State level debit account directly to the beneficiary bank/post office account. An android based mobile application

has also been launched for inspection of houses and enables capture of geo-tagged, time stamped photographs of houses to ensure better monitoring.

3.115 Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana: Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana (PMAY) was launched on 25th June, 2015 for addressing the housing requirements of urban poor including slum dwellers in the country with a goal of construction of 2 crore houses by 2022. The Mission will be implemented as a Centrally Sponsored Scheme (CSS) except for the component of credit linked subsidy which will be implemented as a Central Sector Scheme (CSS). The guidelines of the Mission provide for an average grant of ₹ 1 lakh per house for rehabilitation of eligible slum dwellers with participation of private developers using land as a resource, credit linked interest subsidy at 6.5 per cent for weaker sections of the society and central assistance of ₹ 1.5 lakh per house in Economically Weaker Sections segment for beneficiary led individual house construction or enhancement. The Mission will support construction of houses upto 30 square meters carpet area with basic civic infrastructure. As on 18.11.2015, a total of 1037 towns/cities have been selected in 22 States. 21 MoAs signed with States/UTs and 156 MoUs signed with Primary Lending Institutions under Credit Linked Subsidy Scheme component.

3.116 National Urban Livelihoods Mission (NULM): NULM, introduced in September, 2013 aims at organizing urban poor in self-help groups (SHGs), imparting skill training to urban poor for self and wage employment and helping them to setup self-employment ventures by providing credit on subsidized rate of interest. In addition, shelters for urban homeless and infrastructure for street vendors can also be taken up under this Mission. It has seven components viz. social mobilization & institution development, capacity building & training, employment through skill training & placement, self-employment programme, support to urban street vendors, shelter for urban homeless and innovative & special projects. The total number of Self Help Groups (SHGs) formed under the NULM is 67,303 of which 50,486 have been given bank linkages and 27,909 were given revolving fund during 2014-15 to 2015-16. The total number of persons imparted skill training were 2,91,376 and 46,165 number of beneficiaries assisted for setting up individual and group micro-enterprises during the same period.

3.117 Swachh Bharat Mission (Gramin): Swachh Bharat Mission (Gramin) was launched on 2nd October, 2014 to accelerate efforts to achieve universal sanitation coverage, improve cleanliness and eliminate open defecation in India by 2nd October, 2019. The programme is considered India's biggest drive to improve sanitation and cleanliness in the country. Against the budget estimate of ₹ 2625 crore for the year 2015-16, ₹ 2581.63 crore has been released till September, 2015. A total of 39,22,036 Individual Household Latrines and 479 Community Sanitary Complexes have been constructed during the year 2015-16 till September, 2015.

3.118 Kaya Kalp Scheme: In keeping with the Clean India (Swachh Bharat Campaign), the Government evolved a Scheme under health initiative named 'Clean Hospital Campaign Scheme-Kaya Kalp Scheme'. This scheme aims: to promote high degree of cleanliness, hygiene and Infection control practices in public health care facilities; to incentivize and recognise the public healthcare facilities showing exemplary performance in adhering to standard protocols of cleanliness and infection control; to inculcate a culture of on-going assessment and external review of performance related to hygiene, cleanliness and sanitation in central hospitals/institutions; to create and share sustainable practices related to improved cleanliness in central hospitals/institutions linked to positive health outcomes etc. Initially, 10 Central Government Hospitals/Institutes have been identified for the first year i.e. 2015-16 and subsequently, other Central Institutions/Hospitals/NEW AIIMS will be included in the scheme in a phased manner.

Box: Key initiatives in School Education Sector

Swachh Vidyalaya: The Government had launched Swachh Vidyalaya Initiative under the rubric of Swachh Bharat Mission with an objective to provide separate toilets for girls and boys in all government schools within the timeline of 15th August, 2015. The target was achieved and the States/UTs reported that 4,17,796 toilet blocks were constructed or made functional in 2,61,400 schools within the given timeline. This included schools in the most difficult to reach areas in the country or areas facing Left Wing Extremism (LWE). The initiative was made successful in partnership with all State Governments, 64 Central Public Sector Undertakings, and 11 Private Corporates.

Padhe Bharat Badhe Bharat: Padhe Bharat Badhe Bharat (PBBB), a nationwide sub-programme of Sarva Shiksha Abhiyaan has been launched on 26th August, 2014 to ensure quality at the foundational years of schooling i.e., classes I & II. Through this programme it will be ensured that all children are able to read with comprehension as well as basic numeracy skills. The two tracks of PBBB are: Early Reading and Writing with Comprehension (ERWC) and Early Mathematics (EM). As a follow up to the foundational programme, a programme called the National Reading Initiative was launched in 2015-16 to develop and promote the habit of reading among students in elementary schools, thereby extending the programme up to class 8. States were provided token funds to plan and implement innovative activities to promote reading. Every State /UT has taken steps to implement PBBB programme in the foundational classes. 15 States have reported having dedicated teachers for classes I & II. During 2014-15, ₹ 456 crore was sanctioned and ₹ 525 crore has been approved for 2015 -16.

Rashtriya Avishkar Abhiyan: Strengthening learning of maths and science in upper primary classes is also an area of focus for which Rashtriya Avishkar Abhiyan (RAA) was launched on 9th July 2015. It is an initiative to motivate and encourage children of the age-group 6-18 years, in science, mathematics and technology. The programme framework is on a twin track approach: Systemic improvements in the School System and Initiatives to encourage Science, Mathematics through alternative strategies. The strategies of the programme targets teachers, students, effective classroom transaction, school facilities for science and maths, and community engagement. The key activities include mentoring of schools by Institutions of Higher Education; formation of Maths and Science Clubs; participation of children in Science Congress; formation of teacher circles and participation of teachers in Teachers Science Congress. The programme guidelines have laid down concrete measurable milestones for 5 years.

Information and Communication Technologies - Digital Initiative: Information and Communication Technologies (ICT) have tremendous potential to impact the education of students, capacity building of teachers and educators and provide solutions to mitigate the challenges being faced in the education system. In a vast and diverse country like India, the quality of education can be improved by effectively leveraging modern Information and Communication Technologies, not only to provide an interactive learning environment but also for effective governance of schools and in improving transparency in their functioning. Only a well-managed school can create an environment that is healthy and conducive for effective quality learning. The Government has taken several initiatives for introducing good governance of school system through ICT based e-initiatives or digital initiatives on 7th November, 2015 which includes: e-Pathshala online platform for showcasing and disseminating digital resources for its stakeholders-students, teachers, educators, researchers and parents; Shala Darpan to provide services based on School Management Systems to students, parents, teachers, school management and communities; Shaala Siddhi online portal for School Standards and Evaluation (SSE) Framework; and Saransh as online self-review tool for schools to identify areas of improvement in students, teachers & curriculum and take necessary measures to implement change.

Source: Department of School Education & Literacy, MoHRD.

3.119 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 28th October 2015, 92.84 crore unique IDs (Aadhaar) have been generated under the UID project. Using the Aadhaar Payment Bridge (APB) mechanism, around 61.68 crore transactions (across whole of India in all schemes) amounting to ₹ 20,139 crore have taken place since the launch of direct benefit transfer (DBT). Over 2.30 crore people withdraw their Mahatma Gandhi NREGA wages/pension/PDS etc. every month by using Aadhaar finger print authentication services.

3.120 Pradhan Mantri Kaushal Vikas Yojana: Pradhan Mantri Kaushal Vikas Yojana (PMKVY), a unique initiative introduced by the Government of India that aims to offer 24 lakh Indian youth a meaningful, industry relevant, skill based training which will help them in securing a job for a better future. As on 27th October 2015, 849 training providers, 308 job roles across 28 participating Sector Skill Councils (SSCs) are covered in 5183 training centres under PMKVY. More than 4,24,500 candidates have been enrolled under 308 job roles across the country. Out of total 4,24,500 enrolled candidates under PMKVY, more than 3,71,000 candidates have completed the training under different job roles. SSCs were set up as autonomous industry-led bodies through the National Skill Development Corporation (NSDC) for creating National Occupational Standards (NOSs) and Qualification Packs (QPs). Till date, 38 SSCs have been approved and they have created 1433 QPs and 6819 NOSs and trained 5.2 million students.

Annexure I

Status of Implementation of Major Announcements Contained in the General Budget 2015-16

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
1.	13	Amendment in the RBI Act this year, to provide for a Monetary Policy Committee.	A Monetary Policy Framework Agreement between the Government and the RBI has been signed on 20.2.2015. Draft Cabinet Note for amending the RBI Act 1934 for providing a Monetary Policy Committee has been circulated. Comments received being finalized.
2.	24	Amendments in the Finance Bill to the FRBM Act.	The proposed amendment to the FRBM Act as a part of Finance Bill, 2015 has been passed by the Parliament and notification issued. Consequently, FRBM (Amendment Rules 2015 has also been got approved by the Finance Minister and sent for vetting to the legislative Department, Ministry of Law and Justice.
3.	27	Subsidies are needed for the poor and those less well off. What we need is a well targeted system of subsidy delivery. We need to cut subsidy leakages, not subsidies themselves. We are committed to the process of rationalizing subsidies based on this approach.	<p>To check subsidy leakages, Government of India has launched Direct Benefit Transfer for LPG consumer (DBTL) scheme namely, 'PAHAL', in 54 districts of the country on 15.11.2014 and in remaining districts of the country on 1st January, 2015, covering ₹ 15.34 crore LPG consumers across the country.</p> <p>Under Urea Policy, the Subsidy on Indigenous Urea for agricultural use is being given to farmers through domestic urea units and on imported urea directly by the Government. To curb illegal diversion of subsidized urea, the cap/restriction on production of Neem Coated Urea (NCU) has been removed. It has become mandatory for all indigenous producers of Urea to produce 100% of their total production of subsidized urea as Neem Coated Urea.</p> <p>Any leakages in fertilizer subsidy may be due to diversion for use other than agriculture purpose. In this regard the state governments are empowered to take action.</p> <p>So far as rationalization of P&K fertilizer subsidy, the NBS Scheme has been introduced, under which a fixed amount of subsidy is provided on each grade of P&K fertilizers based on their nutrient content.</p> <p>Necessary steps are being taken to implement DBT in fertilizers.</p>

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			<p>Food subsidy is provided to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and other welfare schemes. Food subsidy is released to FCI and States which have adopted Decentralised Procurement Scheme.</p> <p>Strengthening and streamlining of TPDS is a priority area for the Government. Following measures have been taken on cutting leakages in TPDS:</p> <ul style="list-style-type: none"> (i) Strengthening of TPDS (ii) End-to-end Computerizations of TPDS Operations which comprise digitization of ration cards/beneficiary and other databases, computerization of supply-chain management, setting up of transparency portals and grievance redressal mechanisms. (iii) To share the initiatives and best practices as well as the latest development and achievements, the Department has launched the quarterly newsletter namely 'Khadya Suraksha'. (iv) States/UTs have been regularly requested to ensure timely lifting of foodgrains and distribution to the beneficiaries. <p>A conference on 'A Leak Proof TPDS- The Way Ahead' was held on 30.10.2014 at New Delhi. The recommendations of the Conference have been sent to all States/UTs for information and necessary action.</p> <p>As per reports received, some of the States/UTs have already installed PoS devices at FPSs.</p>
4.	29	In order to improve soil health, Agriculture Ministry's organic farming scheme - "Paramparagat Krishi Vikas Yojana" will be supported. Besides, ₹ 5,300 crore has been allocated for micro-irrigation, watershed development and the Pradhan Mantri Krishi Sinchai Yojana.	<p>Paramparagat Krishi Sinchayi Yojana</p> <p>The Cabinet Committee on Economic Affairs has approved the scheme on 1.7.2015 with an outlay of ₹ 50,000 crore over 5 years (2015-16 to 2019-20). For the year 2015-16, an outlay of ₹ 5300 crore has been made which includes ₹ 1800 crore for PMKSY, ₹ 1500 crore for PMKSY-Watershed Development, ₹ 2000 crore (for MoWR ₹1000 crore for AIBP and ₹ 1000 crore for PMSY- Har Khet Ko Pani.)</p>

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation															
			Operational guidelines of PMKSY have been uploaded on www.agricoop.nic.in and circulated to the States.															
			Paramparagat Krishi Vikas Yojana An amount of ₹ 300 crore has been allocated in the FY 2015-16 against which ₹ 178.23 crore has been released so far.															
			Micro-Irrigation Annual Action Plan, 2015-16 has been approved for 23 States for implementation of micro irrigation programme. So far an amount of ₹ 50,975 lakh has been released as on 30.11.2015 to the States. An area of 2,14,653 ha. has been covered under Micro Irrigation so far.															
5.	30	Allocation of ₹ 25,000 crore in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF) set up in NABARD; ₹ 15,000 crore for Long Term Rural Credit Fund; ₹ 45,000 crore for Short Term Cooperative Rural Credit Refinance Fund; and ₹15,000 crore for Short Term RRB Refinance Fund to support the agricultural sector.	RBI has allocated the funds for the year 2015-16 out of short fall in Priority Sector Lending (PSL) target. Action completed															
6.	31	Farm credit of ₹ 8.5 lakh crore during the year 2015-16.	Agency wise and purpose wise targets have been allocated to commercial banks, Cooperative Banks & RRBs and conveyed to RBI, NABARD, PSBs and SLBC convenor banks on 23.3.2015. Monitoring of agriculture credit flow is done on quarterly basis. The agency-wise position of Agriculture Credit Flow as on 30.06.2015 is as under: (₹ in crore) <table><tr><th>Agency</th><th>Annual Target for 2015-16</th><th>Achievement upto 30.06.2015*</th></tr><tr><td>Commercial Banks</td><td>5,90,000</td><td>1,53,756.04#</td></tr><tr><td>Cooperative Banks</td><td>1,40,000</td><td>53,457.10</td></tr><tr><td>RRBs</td><td>1,20,000</td><td>29,677.20</td></tr><tr><td>Total</td><td>8,50,000</td><td>2,36,890.34</td></tr></table> (percentage of achievement upto the first quarter is 27.87%)	Agency	Annual Target for 2015-16	Achievement upto 30.06.2015*	Commercial Banks	5,90,000	1,53,756.04#	Cooperative Banks	1,40,000	53,457.10	RRBs	1,20,000	29,677.20	Total	8,50,000	2,36,890.34
Agency	Annual Target for 2015-16	Achievement upto 30.06.2015*																
Commercial Banks	5,90,000	1,53,756.04#																
Cooperative Banks	1,40,000	53,457.10																
RRBs	1,20,000	29,677.20																
Total	8,50,000	2,36,890.34																
			*Provisional (Source: PSBs/NABARD) # Data for PSBs only															
			Action completed															

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
7.	32	Allocation of ₹ 34,699 crore for improving the quality and effectiveness of activities under MGNREGA.	Budget provision of ₹ 34,699 crore during 2015-16 has been approved.
8.	33	Creation of a Unified National Agriculture Market.	<p>A Central Sector Scheme on Promotion of National Agricultural Market through Agri-Tech Infrastructure Fund (ATIF) has been approved for ₹ 200 crore and has been approved by CCEA on 1.7.2015.</p> <p>A Group of Experts has been set up under the Chairmanship of Dr. Ashok Gulati to look into uniform implementability of agriculture marketing reforms across all States/UTs.</p> <p>The National Agricultural Market (NAM) is expected to start functioning shortly in some of the mandis.</p>
9.	34	Budget proposes to create Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of ₹20,000 crore and credit guarantee corpus of ₹ 3,000 crore. MUDRA Bank will refinance Micro-Finance Institutions through a Pradhan Mantri Mudra Yojana. In lending, priority will be given to SC/ST enterprises.	<p>A core group has been constituted to prepare draft of MUDRA Bill.</p> <p>Pending legislation, SIDBI has constituted a 100% owned subsidiary NBFC called Micro Units Development & Refinance Agency Ltd. (MUDRA) to start the work of refinance and development of the sector and the same has been registered with RBI as NBFC. MUDRA along with Pradhan Mantri Mudra Yojana (PMMY) was launched on 8th April, 2015 by Hon'ble Prime Minister at Vigyan Bhawan, New Delhi.</p> <p>RBI has Allocated ₹ 20,000/- crore towards refinance corpus of MUDRA. RBI has already provided interim funds of ₹ 5,000 crore to MUDRA to start its refinance operation.</p> <p>Overall disbursement target of ₹ 1,22,188 crore under PMMY have been allocated to PSBs (₹ 70,000 crore), RRBs (₹ 22,188 crore) and Private & Foreign Banks (₹ 30,000 crore) for FY 2015-16.</p> <p>Design of MUDRA card has been finalised and approved by NPCI and has been sent to all Banks.</p>

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			<p>Under Supplementary Demand for Grants of 2015-16 for Department of Financial Services, ₹ 500 crore has been provided for Establishment of Credit Guarantee Fund for providing guarantees to loans extended under PMMY. Provision of ₹ 100 crore has also been made under Supplementary Demand for Grants of 2015-16 for Equity Contribution for establishment of the MUDRA Bank. These funds are to be provided to MUDRA/NCGTC</p> <p>Cabinet Note for the Credit Guarantee Fund for providing guarantees to loans extended to micro units is under circulation.</p> <p>Mega Credit camps for "Shishu" category of MUDRA Loans across the country during 25.09.2015 to 02.10.2015 have been organized.</p> <p>A simple one page application form for 'Shishu' category of MUDRA loans has been devised and uploaded on MUDRA Portal. SIDBI has been appointed as Nodal agency for the media campaign for MUDRA and PMMY</p> <p>Work in progress</p>
10.	35	To establish an electronic Trade Receivables Discounting System (TReDS) financing of trade receivables of MSMEs, from corporate and other buyers, through multiple financiers.	<p>After the release of the final guidelines on setting up and operating the TReDS, applications from seven entities were received. The process of Preliminary Scrutiny, Presentation by the applicants and Evaluation by an Inter-Departmental Group have been completed. As the entity operating the TReDS is expected to set up an appropriate pan-India infrastructure, a detailed due diligence process for the applicants is being carried out. Letters seeking inputs have been sent to other regulators and investigating agencies to provide their comments on the applicant entities. Comments have been received from only few agencies; the RBI is following up with concerned agencies to expedite their comments. The process of granting in-principle approval will be completed shortly.</p> <p>Work in progress</p>
11.	36	To bring a comprehensive Bankruptcy Code in fiscal 2015-16, that will meet global standards and provide	<p>A Committee was set up on 22.8.2014 for providing an entrepreneur friendly legal bankruptcy framework for India. The Committee</p>

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		necessary judicial capacity.	submitted Interim Report on 5.2.2015 and Final Report/Draft Law on 4.11.2015. Comments of stakeholders were invited by 19.11.2015. Views of M/O L & E , MCA, DFS, CBDT, CBEC & select State Govts on prioritization of claims have been taken. Draft Cabinet Note and Draft Bill have been circulated to concerned Departments for comments.
12.	37	Government proposes to utilize the vast Postal network with nearly 1,54,000 points of presence spread across the villages of the country. The Postal Department will make its proposed Payments Bank venture successful so that it contributes further to the Pradhan Mantri Jan Dhan Yojana.	<p>PIB memo has been approved by Hon'ble MoC&IT and circulated to various Ministries/ Department for comments. Comments from some Departments are awaited.</p> <p>RFP for selection of consultant for setting up of the India Post Payments Bank has been sent to DoLA for vetting.</p>
13.	38	It is proposed that NBFCs registered with RBI and having asset size of ₹ 500 crore and above will be considered for notifications as 'Financial Institution' in terms of the SARFAESI Act, 2002.	<p>Draft Notification to this effect has been laid on the Tables of Rajya Sabha on 21.7.2015 and Lok Sabha on 24.7.2015.</p> <p>Work in progress</p>
14.	39	It is proposed to work towards creating a universal social security system for all Indians, specially the poor and the under-privileged.	To be read with para no. 40 and 41
15.	40	The soon-to-be-launched Pradhan Mantri Suraksha Bima Yojna will cover accidental death risk of ₹. 2 lakh for a premium of just ₹ 12 per year. Similarly, we will also launch the Atal Pension Yojana, which will provide a defined pension, depending on the contribution, and its period. To encourage people to join this scheme, the Government will contribute 50% of the beneficiaries' premium limited to ₹ 1,000 each year, for five years, in the new accounts opened before 31st December, 2015.	<p>The three Social Security Schemes viz. Atal Pension Yojana(APY), Pradhan Mantri Suraksha Bima Yojana(PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) have been formally dedicated to the Nation by the Prime Minister on 9th May, 2015.</p> <p>Around 8, 34,617 people have joined APY as on 17th October, 2015.</p> <p>An exclusive website www.jansuraksha.gov.in has been created and state wise toll free numbers have been allotted to respond to the queries of the customers.</p> <p>Around 283,73,618 people have subscribed to PMJJBY and 884,24,371 people have subscribed to PMSBY as on 17.10.2015.</p> <p>Work in progress</p>

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
16.	41	The third Social Security Scheme that I wish to announce is the Pradhan Mantri Jeevan Jyoti Bima Yojana which covers both natural and accidental death risk of ₹ 2 lakhs. The premium will be ₹ 330 per year, or less than one rupee per day, for the age group 18-50.	-do-
17.	42	Budget proposes the creation of a Senior Citizen Welfare Fund in the Finance Bill. Unclaimed deposits of about ₹ 3,000 crore in the PPF, and approximately ₹ 6,000 crore in the EPF corpus will be used to subsidize the premiums of vulnerable groups such as old age pensioners, BPL card-holders, small and marginal farmers and others. A detailed scheme would be issued in March.	Draft Rules for Senior Citizen Welfare Fund have been formed and circulated to certain Ministries/ Departments/Organisations for comments.
18.	43	Budget proposes a scheme for providing Physical Aids and Assisted Living Devices for senior citizens, living below the poverty line.	The draft scheme has been formulated and circulated to the Expert Committee Members. Comments received are under examination.
19.	45	An integrated education and livelihood scheme called 'Nai Manzil' for Minority Youth will be launched. Further, to show-case civilization and culture of the Parsis, the Government will support in 2015-16, an exhibition, 'The Everlasting Flame'. The allocation for the Ministry of Minority Affairs is being protected. The BE for the year 2015-16 is ₹ 3,738 crore.	<p>Nai Manzil Scheme</p> <p>The Nai Manzil Scheme has been approved by the EFC on 15.9.2015 for ₹ 650 crore for a period of five years.</p> <p>50% of the budget would be financed by World Bank. The negotiations with the World Bank were held on 1st October, 2015. The Bank has agreed in principle to finance the Nai Manzil Scheme.</p>
20.	46	Our infrastructure does not match our growth ambitions. There is a pressing need to increase public investment. Budget proposes to increase outlays on both the roads and the gross budgetary support to the railways, by ₹ 14,031 crore and ₹ 10,050 crore respectively. The CAPEX of the public sector units is expected to be ₹ 3,17,889 crore.	<p>All efforts are being taken to increase GBS through expediting progress of various ongoing projects.</p> <p>A target for award of NH length of 10,000 km during 2015-16 has been set. Against this, NH length of 4,482 km has already been awarded at the end of third quarter against target of 5,652 km.</p> <p>A target has been set for completion of NH length</p>

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			<p>of 6,300 km during 2015-16. Against this NH length of 2,446 km has already been completed at the end of third quarter i.e. September, 2015 against the target of 2,472 km. in the same quarter.</p> <p>An additional fund requirement is projected at RE stage during 2015-16 amounting to ₹ 8,400 crore.</p> <p>A review of CAPEX has been carried out on 30.10.2015 in respect of selected 32 CPSUs having huge reserve/cash balances.</p>
21.	47	<p>(i) Establishment of a National Investment and Infrastructure Fund (NIIF), and find monies to ensure an annual flow of ₹ 20,000 crore to it.</p> <p>(ii) Permission of tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.</p> <p>(iii) The PPP mode of infrastructure development to be revisited, and revitalised.</p>	<p>Allocated Tax Free Bonds amounting to ₹ 40,000 crore during 2015-16 to PSUs (NHAI, IRFC, HUDCO, IREDA, PFC, REC & NTPC) vide Notification dated 6th July, 2015. So far, a total amount of ₹ 9912.50 crore has been raised (Private + Public).</p> <p>On the part relating to revisiting & revitalizing PPP model, a Committee was set up under the Chairmanship of Dr. Vijay Kelkar to review of the experience of PPP Policy, analyse risk involved in PPP Projects, propose design modifications to the contractual arrangements, etc.</p> <p>The Committee has submitted an advance copy of report on 19.11.2015.</p>
22.	48	To establish, in NITI, the Atal Innovation Mission (AIM). AIM will be an Innovation Promotion Platform involving academics, entrepreneurs, and researchers and draw upon national and international experiences to foster a culture of innovation, R&D and scientific research in India.	<p>An Expert Committee to workout detailed contours of the AIM and SETU, chaired by Prof. Tarun Khanna has submitted its report on 9.10.2015. The report was put in NITI Aayog website seeking comments/suggestions. A parallel exercise has also been initiated and the EFC memo has been formulated for AIM and SETU. A competition for designing of Logo and Tagline for Atal Innovation Mission on Mygov.in platform has been launched on 26.11.2015. The last date for submission of entries is 25.12.2015. The process for constitution of High Level Committee under the Chairmanship of Vice Chairman, NITI Aayog has been initiated to decide Grant Challenge areas; identification of innovation/Tinkering labs, incubation Centres in PPP Mode and Training Institutions for Entrepreneurship development; and to decide</p>

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			the action plan and budget for the next year. Process has also been initiated for establishment of Mission Directorate with appropriate manpower.
23.	49	A more liberal system of raising global capital, incubation facilities in our Centres of Excellence, funding for seed capital and growth, and ease of Doing Business etc. need to be addressed to create lakh of jobs and hundreds of billion dollars in value.	<i>To be read with para no. 50</i>
24.	50	Government is establishing a mechanism to be known as SETU (Self-Employment and Talent Utilisation). SETU will be a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas.	The report of an Expert Committee chaired by Prof. Tarun Khanna working out the detailed contours of the Atal Innovation Mission (AIM) and SETU has been put in the public domain for comments. EFC Note prepared. Scheme to be launched by August end.
25.	51	Government will encourage ports in public sector to corporatize and become companies under the Companies Act.	A Cabinet Note seeking its approval for carrying out an amendment to the Major Port Trusts Act, 1963 to enable corporatisation of the Major Port Trusts has been sent to Cabinet Secretariat on 8.4.2015. Simultaneously, it is also under examination whether these results can be achieved by amending MPT Act to provide flexibility to the Trusts to improve their performance. In this context, a draft major Port Authority Bill is under examination/consultation.
26.	52	Government aims towards ease of doing in India to make India an investment destination which permits the start of a business in accordance with publically stated guidelines and criteria.	<i>Te be read with para no. 53</i>
27.	53	Government intends to appoint an Expert Committee for this purpose to examine the possibility and prepare a draft legislation where the need for multiple prior permissions can be replaced with a pre-existing regulatory mechanism.	An 'Expert Committee' has been constituted to examine the possibility of replacing multiple prior permission with pre-existing regulatory mechanism on 6th April, 2015. The Committee has held discussions with various stakeholders. Report of the Committee is awaited.

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
28.	54	<p>The Government also proposes to set up 5 new Ultra Mega Power Projects, each of 4000 MWs in the plug-and-play mode. All clearances and linkages will be in place before the project is awarded by a transparent auction system. The Government would consider similar plug-and-play projects in other infrastructure projects such as roads, ports, rail lines, airports etc. The second unit of Kudankulam Nuclear Power Station will be commissioned in 2015-16.</p>	<p>M/o Road, Transport & Highways- Various steps have been taken to remove bottlenecks and expedite progress of road projects, which includes streamlining of land acquisition, streamlining of environment/forest clearances streamlining of GAD approvals by railways, exit for equity investors, premium re-scheduling, securitization of road sector loans, close coordination with other Ministries, revamping of dispute resolution mechanism, frequent reviews of NH projects at various levels etc.</p> <p>M/o Power- The Ministry of Power has tentatively identified following five UMPPs to bid out in the financial year 2015-16:</p> <ul style="list-style-type: none"> i) Cheyyur UMPP, Tamil Nadu. ii) Bedabahal UMPP, Odisha. iii) Bihar UMPP. iv) Deoghar UMPP, Jharkhand. v) Chhattisgarh UMPP. <p>Bid process for Bedabahal UMPP and Cheyyur UMPP would be initiated after revision of Standard Bidding Documents (SBDs), which is expected shortly.</p> <p>There are issues relating to Deoghar UMPP & Chhattisgarh UMPP. Coal blocks allocated to Deoghar UMPP has complex issues viz. interest complexities, law & order problems. In a meeting held on 21.7.2015, representative of government of Chhattisgarh informed that due to surplus power in the state, the government is not keen on setting up the UMPP at present.</p> <p>Bidding out three UMPPs namely Cheyyur UMPP, Tamil Nadu, Bedabahal UMPP, Odisha and Bihar UMPP in this Financial year would attract an investment of approx. ₹ 90,000 crore.</p> <p>The Unit 2 of Kudankulam Nuclear Power Project is currently under commissioning and all efforts are being made to start the reactor in accordance with stage wise clearances by Atomic Energy Regulatory Board.</p> <p>The 'Hot Run' of the unit, a pre-requisite to downstream activities like fuel loading and other</p>

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		<p>activities for start up, has been successfully completed. However, there were certain observations subsequently. On detailed inspection, it was found that an important internal component of primary pumps needed a major modification and replacement thereof. The detached internal component, in fact, has also affected one of the Stream Generators requiring detailed inspection and repair.</p> <p>Since these components are of specialized nature and sourced from foreign (Russian Federation), it is expected that the start up of Unit 2 is likely to be shifted to the first quarter of 2016-17.</p> <p>M/o Shipping- In so far as Major Ports under the administrative control of Government of India/ Ministry of Shipping are concerned, the Ministry of Environment, Forests and Climate Change has agreed that individual projects or activities in a port, viz. dredging, various construction activities etc. would not require separate Environment and Coastal Regulation Zone clearance if the Port has prepared a Master Plan indicating all such projects or activities, including time phasing for their implementation, prepared Comprehensive EIA and EMP Reports, and has obtained EC and CRZ clearance for the whole project after following due procedures under the relevant notifications. The Major Ports have accordingly been advised to prepare a Master Plan including all future projects of the Port/activities proposed to be undertaken during the next 10 years and forward the same to MoEF & CC for obtaining the EC and CRZ clearance so that that Ministry can consider for granting the clearance in one go for the Master Plan. Further, in respect of PPP projects in Major Ports, as per the Model Concession Agreement, all applicable permits and requisite clearances are required to be in place before the Concession Period commences for the Concessionaire who has been awarded the project.</p> <p>No further action is required on this subject.</p> <p>Action completed</p>

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			<p>M/o Railways- Tenders for railway lines are awarded on the basis of open tender system after 70% land is available including forestry clearances.</p> <p>D/o Atomic Energy - The second unit of Kudankulam nuclear power project is under commissioning and has achieved a cumulative physical progress of 97.73% as of March 2015. An important milestone prior to fuel loading viz. 'Hot run' is at an advanced stage of completion. The unit is expected to commence generation of power in the current FY 2015-16.</p>
29.	55	After garnering some additional resources during the year from tax buoyancy, Government will endeavour to enhance allocations to MGNREGA by ₹ 5,000 crore; Integrated Child Development Scheme (ICDS) by ₹ 1,500 crore; Integrated Child Protection Scheme (ICPS) by ₹ 500 crore; and the Pradhan Mantri Krishi Sinchai Yojana by ₹ 3,000 crore; and the initial inflow of ₹ 5,000 crore into the NIIF.	<p>EFC is being prepared.</p> <p>Cabinet Note has already been circulated.</p> <p>Additional amount of ₹ 3600 crore has been provided in the First batch of Supplementary Demands for Grants in the first batch of supplementary of ICDS.</p>
30.	56	Government will set up a Public Debt Management Agency (PDMA) which will bring both India's external borrowings and domestic debt under one roof.	<p>Detailed road map has been prepared for establishing PDMA</p> <p>Consultations with RBI are going on.</p> <p>In the meantime, it is proposed to set-up an executive order non-statutory PDMA. Draft Cabinet Note for inter-ministerial consultation has been circulated.</p>
31.	57	Government propose to merge the Forwards Markets Commission with SEBI to strengthen regulation of commodity forward markets and reduce wild speculation. The Government Securities Act and the RBI Act will be amended in the Finance Bill, 2015.	<p>FMC- SEBI merger has taken place on 28.9.2015. Notification has been issued in this regard.</p> <p>Action completed</p>
32.	58	To amend through the Finance Bill, Section-6 of FEMA to clearly provide	The process of consulting Reserve Bank on "Debt" and "Non-debt" instruments

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
		that control on capital flows as equity will be exercised by the Government in consultation with the RBI.	classifications is ongoing.
33.	59	Budget proposes to create a Task Force to establish a sector-neutral Financial Redressal Agency that will address grievances against all financial service providers. In this regard the Indian Financial Code (IFC), is currently being reviewed by the Justice Srikrishna Committee, will be introduced in Parliament for consideration.	<p>The Task Force has been set up on 5.6.2015.</p> <p>Action completed</p> <p>Reports of Task Forces have been examined. Meeting of experts with Finance Minister/ Secretary(EA) in Chair would be organized for FSDC statutory status. Key aspects of IFC are proposed to be fast tracked. It is proposed to set up RC taking relevant sections from IFC in consultation with regulators and Department of Financial Services. Proposal to upgrade SAT to FSAT by amending SEBI Act in consultation with PO SAT is being made. DCN for executive PDMA is circulated. DCN for FDMC is under preparation. Concerned Divisions are processing the matters:</p> <p>Draft IFC revised in the light of comments received was hosted on website of Ministry of Finance on 23.7.2015 for comments. Comments have been consolidated and response of government thereto is under process. Assessment of preparatory works to be made for projecting a realistic target for introducing Bill in Parliament.</p>
34.	61	It has been remarked that both EPF and ESI have hostages, rather than clients. Further, the low paid worker suffers deductions greater than the better paid workers in percentage terms.	<i>To be read with para no. 62</i>
35.	62	With respect to the Employees Provident Fund (EPF) the employee needs to be provided two options. Firstly, the employee may opt for EPF or the New Pension Scheme (NPS). Secondly, for employees below a certain threshold of monthly income, contribution to EPF should be optional, without affecting or reducing the employer's contribution. With respect	<p>The Cabinet Note for amendment to the EPF&MP Act, 1952 has been sent to the Legislative Department, Ministry of Law & Justice for vetting</p> <p>The tripartite consultation for amendment in ESI Act, 1948 has been held on 13th August, 2015. Besides, a meeting with Trade Unions has been held on 6.10.2015. Based on feedback received from Central Trade Unions further action is being taken.</p>

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		to ESI, the employee should have the option of choosing either ESI or a Health Insurance product, recognized by the Insurance Regulatory Development Authority (IRDA). Budget proposes to bring amending legislation in this regard after stakeholders consultation.	
36.	63	Budget proposes to: (i) Introduce a Gold Monetisation Scheme, which will replace both the present Gold Deposit and Gold metal Loan Schemes.	Final Cabinet Note has been approved and scheme has been introduced.
		(ii) Also develop an alternate financial asset, a Sovereign Gold Bond, as an alternative to purchasing metal gold.	Final Cabinet Note has been approved and scheme has been introduced
		(iii) Commence work on developing an Indian Gold Coin which will carry the Ashok Chakra on its face.	It has been implemented by Department of Commerce. The scheme has been introduced. The coin has been launched on 5th November, 2015.
37.	64	Budget proposes to introduce several measures that will incentivize credit or debit card transactions and disincentivise cash transactions.	Draft Cabinet Note has been circulated for comments.
38.	65	Budget proposes also to allow foreign investments in Alternate Investment Funds.	Cabinet approval has been obtained. Draft FEMA notification has been sent to SEBI/RBI/ DIPP/DEA for comments.
39.	66	Budget proposes to do away with the distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments, and replace them with composite caps.	Following Cabinet decision, Press Note has been issued on 30.7.2015. Action completed
40.	67	In order to catalyze investments from the Indian private sector in South-East Asia, a Project Development Company will, through separate Special Purpose Vehicles (SPVs), set up manufacturing hubs in CMLV countries, namely, Cambodia, Myanmar, Laos and Vietnam.	EFC note has been approved. The Cabinet note has been prepared.

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
41.	68	In order to support programmes for women security, advocacy and awareness, an amount of ₹ 1,000 crore to the Nirbhaya Fund will be provided.	An amount of ₹ 1000 crore has been provided for Nirbhaya Fund. Action completed
42.	69	Budget proposes to provide resources to start work like landscape restoration; signage and interpretation centres; parking; access for the differently abled; visitors' amenities, including securities and toilets; illumination and plans for benefiting communities for the following Heritage Sites: <ul style="list-style-type: none"> (i) Churches & Convents of Old Goa (ii) Hampi, Karnataka (iii) Elephanta Caves, Mumbai (iv) Kumbalgarh and other Hill Forts of Rajasthan (v) Rani Ki Vav, Patan, Gujarat (vi) Leh Palace, Ladakh, J&K (vii) Varanasi Temple town, UP (viii) Jallianwala bagh, Amritsar, Punjab (ix) Qutub Shahi Tombs, Hyderabad, Telengana 	<ul style="list-style-type: none"> (i) Churches and Convent of Old Goa: The facilities provided so far include signage, interpretation centre at St. Augustine complex, ramps and wheel chairs, security guards, lighting and illumination. Further repair works, upgradation, conservation and development works have been proposed in the conservation programme for the current financial year. (ii) Hampi, Karnataka: At Hampi conservation work has been proposed for Virupaksha Temple, Vittala temple, Lotus Mahal and Royal Enclosures. The tourist amenities are being upgraded. The open areas are being landscaped. (iii) Elephanta Caves, Mumbai: The provisions have been kept for necessary conservation and development works in the current financial year. (iv) Kumbalgarh & other hill Forts of Rajasthan : The necessary conservation works at ASI protected Ranthambore Fort, Kumbalgarh Fort, Chittorgarh Fort and Jaisalmer Fort are being executed. The tourist facilities at these sites will be improved. (v) Rani Ki Vav Patan (Vododara Circle): The proposal is under consideration. (vi) Leh Palace, Laddakh, J&K: The essential conservation and development works of the Leh Palace will be taken up in continuation to the work executed so far. (vii) Varanasi Temple town, UP (viii) Jallianwala Bagh, Amritsar, Punjab: An amount of ₹ 7.51 croe has been released to Jallianwala Bagh Memorial Trust which in turn has released ₹ 5.36 crore to ITDC. ITDC has so far submitted Utility Certificate for an amount of ₹ 3.93. crore.

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			Additional amount of ₹ 20.00 crore has been provided as Cash Outgo for Archeological Survey of India in the 1st Batch of Supplementary Demands for Grants, 2015-16.
			(ix) Qutub Shahi tombs, Hyderabad, Telengana- DPR will be ready shortly.
43.	70	After the success of VISAS on arrival issued to travelers of 43 countries, Budget proposes to increase the countries covered to 150 in stages.	<p>Scheme has been extended to 74 countries till date.</p> <p>The inclusion of additional countries in e-Tourist Visa Scheme is a continuous process which is done after appropriate consultation with all stakeholders in phased manner.</p>
44.	71	A scheme for Faster Adoption and Manufacturing of Electric Vehicles (FAME) will be launched. An initial outlay of ₹ 75 crore for this Scheme in 2015-16 has been allocated.	Scheme has been notified on 25.3.2015. Vehicles test centres have been informed for testing of vehicles to be entitled to get the benefit of the scheme as per scheme guidelines. Operational guidelines have been issued.
45.	72	Parliament needs to take a view on procurement law.	Comments on the Public Procurement Bill, 2012 have been received from various stakeholders. Face to face consultations were held on 21st July, 2015. Cabinet Note for inter-ministerial discussions is being circulated.
46.	73	Budget proposes to introduce a Public Contracts (Resolution of Disputes) Bill to streamline the institutional arrangements for resolution of such disputes.	Draft Bill has been prepared (Indian Institute of Public Administration was hired) and received from IIPA on 30.11.2015.
47.	74	Budget proposes to introduce a regulatory reform law that will bring about a cogency of approach across various sectors of infrastructure.	<p>Draft Regulatory Reform Bill, 2015 has been prepared by NITI Aayog.</p> <p>NITI Aayog was requested by Finance Minister to undertake the inter-Ministerial consultation and to bring the matter before the Cabinet after following the due process. It was also suggested that, after the approval of Cabinet, the Ministry of Planning could introduce the Bill in Parliament and follow-up the matter for enactment of the Statute, as there is no line Ministry/Department which deals with the subject.</p>

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
48.	75	The Prime Minister has explained how Skill India needs to be closely coordinated with Make in India. Yet today less than 5% of our potential workforce gets formal skill training to be employable and stay employable.	To be read with para no. 76
49.	76	National Skills Mission will be launched through the Skill Development and Entrepreneurship Ministry.	National Skills Development Mission has been launched by Hon'ble Prime Minister on 15-07-2015. Action completed
50.	77	An amount of ₹ 1,500 crore has been set apart Deen Dayal Upadhyay Gramin Kaushal Yojana. Disbursement will be through a digital voucher directly into qualified student's bank account.	CCEA note finalized and sent to Cabinet Secretariat on 3.9.2015 for placing before the CCEA. Matter is awaiting listing.
51.	78	This is the year when we will be entering the 100th birth anniversary of Shri Deen Dayalji Upadhyay. Celebration of the anniversary of this great nationalist will be done in a befitting manner.	The Ministry of Culture celebrated the Birthday of Pt. Deen Dayal Upadhyaya on 25.09.2015 at Nehru Memorial Museum & Library, New Delhi in a befitting manner. Adequate publicity was given in the leading National and Regional New papers (both in English and Hindi). An additional amount of ₹ 10 crore has already been provided over and above the allocated budget for commemorations in the 1st Batch of Supplementary Demands for Grants, 2015-16. Action completed
52.	79	Budget proposes to set up a fully IT based Student Financial Aid Authority to administer and monitor Scholarship as well as Educational Loan Schemes through the Pradhan Mantri Vidya Lakshmi Karyakram.	The Vidya Lakshmi Portal has been launched on 15.8.2015. The portal is gateway to banks for education loan and also has linkages with National e-Scholarship Portal. It also has the facility of tracking the students right from the inception of loan applications until the completion of sanction of loan or otherwise. Action completed
53.	80	Budget proposes to: <ul style="list-style-type: none"> - set up All India Institutes of Medical Sciences in J&K, Punjab, Tamil Nadu, Himachal Pradesh and Assam - set up another AIIMS like institution to 	M/o Health & Family Welfare: State Governments of Assam, Himachal Pradesh, Punjab and Tamil Nadu have identified the locations and furnished the requisite details for setting up of AIIMS in these States.

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	augment Medical Sciences in Bihar	Central Teams have already visited the sites proposed by Government of Assam, Himachal Pradesh, Punjab and Tamil Nadu and their reports have been received.
	- set up an IIT in Karnataka	
	- upgrade Indian School of Mines, Dhanbad into a full-fledged IIT,	A letter has been written to the Chief Minister of J&K to identify the location and provide details. Response from J&K Govt. is awaited.
	- set up a Post Graduate Institute of Horticulture Research and Education in Amritsar	For setting up one more AIIMS like institution in Bihar, a letter has been issued to the Chief Minister, Bihar for identification of land.
	- set up IIMs in J&K and Andhra Pradesh	
	- upgrade the existing National Institute of Speech and Hearing to a University of Disability Studies and Rehabilitation in Kerala	D/o Higher Education: It has been decided to set up an IIT in Mummigatti and Kelagiri villages in Dharwad Taluka and the premises of Water and Land Management Institute will be used as temporary campus for IIT, Karnataka till construction of its permanent campus is completed. IIT Bombay has been nominated as the Mentor institute of the proposed IIT at Karnataka.
	- set up three new National Institutes of Pharmaceutical Education and Research: in Maharashtra, Rajasthan and Chattisgarh;	Upgradation of Indian School of Mines, Dhanbad into a full-fledged IIT is under process.
	- set up Institutes of Science and Education Research in Nagaland and Odisha.	
	- set up a Centre for Film Production, Animation and Gaming in Arunachal Pradesh for the North-Eastern States;	An IIM has been set up at Vishakhapatnam in the State of Andhra Pradesh and classes for academic year 2015-16 have been started. The State Government of J&K has been requested for allotment of free of cost land for establishing an IIM.
	- set up Apprenticeship Training Institute for Women in Haryana and Uttarakhand.	Land has been identified by Nagaland and Odisha Governments for setting up of Indian Institute of Science Education & Research in Nagaland and Odisha
		D/o Agricultural Research & Education: To establish Post-Graduate Institute of Horticulture Research and Education at Amritsar, the Government of Punjab has agreed to provide 7 acres of land in Amritsar for the establishment of administrative and teaching campus, 100 acres near Attari border to establish the research farm and 50 acres in Abohar to establish a Regional Station.

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Sl. Para No. No.	Summary of Budget Announcement	Status of Implementation
		<p>The revised SFC document for PGIHRE, Amritsar has been submitted to Council for approval.</p> <p>D/o Empowerment of Persons with Disabilities:</p> <p>In a discussion held between Secretary, D/o EoPD and Chief Secretary, Government of Kerala on 11.4.2015, it was decided that the National Institute of Speech and Hearing (NISH) would be upgraded to a Central University under the administrative control of this Department.</p> <p>A Task Force has been constituted for establishment of the Central University. The Task Force will suggest a draft Bill for establishment of the University and to explore the possibility of evolving standards for institution of the Government of India in disability sector.</p> <p>It was decided that the name of the University would be "National University of Disability and Rehabilitation Sciences".</p> <p>Government of Kerala has been advised to allocate 50 acres of land for the University and also expedite the process of land transfer and transfer of their assets, owning of liabilities etc.</p> <p>The Department, based on the initial estimates submitted by NISH, is in the process of submitting a proposal to Department of Expenditure through internal Finance of the Department for seeking additional fund to the tune of ₹ 50 crore during the current financial year for creation of a separate budget head for establishment of the University. On receipt of the estimates from Government of Kerala, the proposal will be placed before EFC.</p> <p>Necessary Bill will be introduced in the Winter Session of Parliament.</p> <p>M/o Information & Broadcasting:</p> <p>Setting up of a National Centre of Excellence in Animation, Gaming and Visual Effects- The</p>

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		<p>project was to be undertaken as a Public Private Partnership Project. A DPR was developed in 2010. Land for this purpose was allotted by Government of Punjab in Mohali. The basic idea was to rope in private players to partner with Government to run the project. However, the private players did not show much interest.</p> <p>Due to lack of willingness shown by the industry partners to the proposal, the trade bodies like FICCI and other stakeholders, Media & Entertainment Skills Council (MESOC) offered to assist the Government towards realising the project.</p> <p>Chief Ministers from Maharashtra, Andhra Pradesh and Karnataka have written stating that the Centre may be set up in their respective states.</p> <p>MESOC was assigned the task of preparation of a DPR. MESOC has identified KPMG to prepare the DPR along with RFP for identification of private partners. In the meantime National Skill Development Corporation offered cooperation by Sheridan Arts College, Canada which is known for world class animation education.</p> <p>Government is considering establishment of a Film & Television Institute of India in Arunachal Pradesh on similar lines to that of Film & Television Institute of India (FTII), Pune and Satyajit Ray Film & Television Institute (SRFTI), Kolkata. A team from SRFTI, Kolkata was asked to submit a feasibility report on the suitability of setting up an Institute in any of these States as a separate Plan Scheme. The team of SRFTI submitted a Feasibility Report suggesting that either Arunachal Pradesh or Manipur could be considered for setting up the Institute. SRFTI, Kolkata has been assigned the task to prepare Detailed Project Report for the proposed project. Government of Arunachal Pradesh is underway to transfer the title of the requisite land in favour of M/o I&B. Thereafter, EFC/SFC proposal would be moved for seeking due approval of competent authority.</p>

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Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			<p>M/o Skill Development & Entrepreneurship: Concept Note for setting up Apprenticeship Training Institute for Women in Haryana and Uttrakhand has been prepared. State Government of Haryana and Uttrakhand have been approached for commitment regarding allotment of land and temporary building for starting the institute within current financial year. Response is awaited from the States. SFC/EFC is being prepared.</p> <p>D/o Pharmaceuticals:</p> <ul style="list-style-type: none"> i. NIPER, Maharashtra: A.D.O. letter dated 10.8.2015 from Secretary (Pharma) to Chief Secretary, Government of Maharashtra was sent for a meeting to be held on 13.8.2015 to discuss the issue. However, Chief Secretary did not attend the meeting. ii. NIPER, Rajasthan: Government of Rajasthan has submitted a proposal of 145.84 acre of land in the Jhalawar District for NIPER. The constitution of Site Selection Committee is under process. iii. NIPER, Chattisgarh: A.D.O. letter dated 13.8.2015 from Secretary (Pharma) to Chief Secretary, Govt. of Chattisgarh was sent for a meeting to be held on 18.8.2015 to discuss the issue. However, Chief Secretary did not attend the meeting. <p>A supplementary demand proposal of ₹ 1 crore for each of New NIPERs is being proposed.</p>
54.	81	Government intends to set up an autonomous Bank Board Bureau. The Bureau will search and select heads of Public Sector Banks and help them in developing differentiated strategies and capital raising plans through innovative financial methods and instruments.	<p>ACC has approved the proposal to create Bank Board Bureau. Necessary action is being taken to set up the Bureau.</p> <p>Work in progress</p>

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55.	82	The National Optical Fibre Network Programme (NOFNP) of 7.5 lakh kms. networking 2.5 lakh villages is being further speeded up by allowing willing States to undertake its execution on reimbursement of cost as determined by Department of Telecommunications.	<p>National Optical Fibre Network Programme (NOFNP):</p> <ul style="list-style-type: none"> * No. of GPs where OFC laying completed: 24,156 * No. of GPs where BB connectivity is available through NOFN: 2,098 * OF cable laid: 55,505 * PLB pipe laid: 81,997 * The report of the Expert Committee constituted in January 2015 is under examination and discussions are going on with State governments to solicit their active participation and ownership in the project. * Subsequent to the workshop with States IT Ministers and Secretaries held on 29th May 2015, 14 States have conveyed their formal consent for adopting the State led model for implementation of Bharat Net. Besides, 4 States have also shown their willingness to adopt State led model, although their formal consent are still awaited. * As a part of consultation with States proposing to adopt the State led model, a workshop to deliberate upon the processes involved in implementation of State led model of BharatNet was held on 30th July 2015, with Secretaries in charge of IT of these States. * A.P Model Government of Andhra Pradesh has submitted Detailed Project Report which is under examination.
56.	85	DMIC corridors: the Ahmedabad-Dhaura Investment Region in Gujarat and the Shendra-Bidkin Industrial Park near Aurangabad in Maharashtra are in a position to start work on basic infrastructure. In the current year, an initial sum of ₹ 1,200 crore has been earmarked for the purpose. Additional funds will also be provided as the pace of expenditure picks up.	<p>Shendra-Bidkin Industrial Park (SBIP), Maharashtra</p> <p>An amount of ₹352.90 crore has been transferred to node/city level SPV in Maharashtra. Packages of trunk infrastructure have been issued.</p> <p>The bid proposals received for the Design and Construction of Road over Bridges (ROB) is under evaluation and the tender documents (RFQ-cum-RFP) for the Design and Construction of Roads and Services has been issued by the SPV for Shendra Bidkin Industrial Area in Maharashtra.</p>

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			Ahmedabad-Dholera Investment Region :- DMIC Trust has finalized the SSA/SHA with State Government and execution will be made shortly. DMIC Trust also considered the release of equity to SPV after its incorporation and on transfer of land by the State Government as their equity to the SPV. Packages of trunk infrastructure have been issued.
57.	87	The first phase of GIFT will soon become a reality. Appropriate regulations will be issued in March.	Regulatory framework for International Financial Service Centre (IFSC) was launched at a Conference on 'Regulatory Framework for IFSC in India' on 10th April, 2015 at Gandhi Nagar, Gujarat. As a follow up to the guidelines by the IRDAI a format of application of registration has been issued on 06/10/2015 by IRDAI for the interested insurers.
			Action completed
58.	88	For the quick resolution of commercial disputes, the Government proposes to set up exclusive commercial divisions in various courts in India.	"The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Bill, 2015" was introduced in the Rajya Sabha on 29th April, 2015. The Bill has been referred to the Department Related Standing Committee for examination and report.
59.	96	Government intends to implement GST from the next year.	For introduction of GST, the Constitution (122nd) Amendment Bill has been passed by the Lok Sabha on 6.5.2015. The Bill was referred to a Select Committee by the Rajya Sabha. Approval of the Cabinet for consideration of the Bill by the Select Committee of Rajya Sabha was obtained on 29.07.2015. The Bill is to be taken up for consideration and passing in the Rajya Sabha in the winter session of Parliament.
60.	101	Swiss authorities agreed to (a) provide information in respect of cases independently investigated by the Income-tax Department; (b) confirm genuineness of bank accounts and provide non-banking information; (c) provide such information in a time bound manner; and (d) commence talks with India for Automatic Exchange of Information between the	Ongoing process. For collection of information from various sources domestically, the proposal for amendment of relevant rules (Rule No. 114F, 114G and 114 H) have been notified by notification No.62/2015 dated 7th August, 2015.
			Action completed

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		two countries at the earliest. For strengthening collection of information from various sources domestically, a new structure is being put in place.	
61.	102	Government has taken a considered decision to enact a comprehensive new law on black money to specifically deal with such money stashed away abroad. In this regard, a Bill will be introduced in the current Session of the Parliament.	The Undisclosed Foreign Income And Assets (Imposition of Tax) Bill, 2015 has been introduced in the Lok Sabha on 20.03.2015. The Bill has been passed by both the Houses of Parliament. The Bill has been enacted on 26.5.2015. Action completed
62.	103	Budget proposes new law on black money: (9) The Foreign Exchange Management Act, 1999 (FEMA) is being amended to the effect that if any foreign exchange, foreign security or any immovable property situated outside India is held in contravention of the provisions of this Act, then action may be taken for seizure and eventual confiscation of assets of equivalent value situated in India. These contraventions are also being made liable for levy of penalty and prosecution with punishment of imprisonment up to five years.	Amendment (new Section 13A & 37A) in Finance Act 2015 is done. The enforcement notification has been issued, bringing provisions of the amendment into force.
63.	104	Benami Transactions (Prohibition) Bill will be introduced in the current session of the Parliament.	The Benami Transactions (Prohibition) Amendment Bill, 2015 has been introduced in Lok Sabha on 13th May, 2015. Action completed
64.	105	The Finance Bill includes a proposal to amend the Income-tax Act to prohibit acceptance or payment of an advance of ₹ 20,000 or more in cash for purchase of immovable property. Provision is also being made to tackle splitting of reportable transactions. To improve enforcement, CBDT and CBEC will leverage technology and have access to information in each other's database.	The proposal regarding curbing circulation of black money in immovable property transactions domestically has been given effect through the Finance Act, 2015. The quoting of PAN has been made mandatory for any purchase or sale exceeding the value of ₹ 1 lakh. The proposal for collecting information from third parties in respect of several transactions is under consideration. With respect to sharing of Information between CBDT and CBEC the following action has been taken:

Annex continued

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
			<p>1. Service tax Data matching pilot: This data is being used by CBDT and CBEC for identification of potential non-filers and cases involving mismatch in values.</p> <p>2. Customs Data Matching Pilot: Modalities for exchange of customs has been worked out. Data exchange will be implemented shortly.</p> <p>3. Tax 360 extended Pilot: CBEC had shared registration details of entities registered with the participating agencies. CBDT has shared Key registration and financial information of matching PAN with CBEC.</p>
65.	106	Budget proposes job creation through revival of growth and investment and promotion of domestic manufacturing and 'Make in India'. To attract capital, both domestic and foreign. Tax 'pass through' is proposed to be allowed to both Category-I and Category-II Alternative Investment Funds, so that tax is levied on the investors in these Funds and not on the Funds per se.	<p>The proposal has been given effect to by way of amending the provisions of Section 2; Section 10; Section 115U; Section 115UB; Section 139 of the Income-tax Act, 1961 and insertion of new Section 194LBB of the Income-tax Act, 1961 through Finance Act, 2015.</p> <p>Action completed</p>
66.	107	Budget proposes to rationalise the capital gains regime for the sponsors exiting at the time of listing of the units of REITs and InvITs, subject to payment of Securities Transaction Tax (STT). The rental income of REITs from their own assets will have pass through facility.	<p>The proposal has been given effect to by amending the provisions of section 2; Section 10; Section 111A; Section 115UA; Section 194I and Section 194 LBA of the Income-tax Act, 1961 through Finance Act, 2015.</p> <p>Action completed</p>
67.	108	The present taxation structure has an inbuilt incentive for fund managers to operate from offshore locations. To encourage such offshore fund managers to relocate to India, Budget proposes to modify the Permanent Establishment (PE) norms to the effect that mere presence of a fund manager in India would not constitute PE of the offshore funds resulting in adverse tax consequences.	<p>The proposal has been given effect to by inserting a new sections 9A; Section 271FAB in the Income-tax Act, 1961 through Finance Act, 2015 and amending the provisions of Section 273B of the Income-tax Act, 1961 through Finance Act, 2015. Further the Rules to provide guidelines for and the manner in which the provisions of Section 9A shall be applied are being framed.</p>

Sl. No.	Para No.	Summary of Budget Announcement	Status of Implementation
68.	116	In order to rationalize the MAT provisions for FIIIs, profits corresponding to their income from capital gains on transactions in securities which are liable to tax at a lower rate, shall not be subject to MAT.	The proposal has been given effect to by amending the provisions of section 115JB of the Income-tax Act, 1961 through Finance Act, 2015. Action completed
69.	117	The Tax Administration Reform Commission (TARC) has given a number of recommendations to improve the administration in the Tax Departments. These recommendations are in advanced stage of examination and will be appropriately implemented during the course of this year.	Recommendations of the Tax Administration Reform Commission (TARC) are under examination. The recommendations that can be immediately implemented have been put on a fast track and other recommendations which are part of the medium term and long term goals are being implemented in a phased manner and are being monitored.

Annex continued

Annexure II

1. KEY INDICATORS

Items	2013-14	2014-15	per cent change 2013-14	per cent change 2014-15	APRIL - SEPTEMBER		per cent change 2014-15	per cent change 2015-16
					2014-15	2015-16		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1a GDP at current market prices-₹'000 crore	11345 ^{NS}	12541 ^{PE}	13.6	10.5	6060	6509	13.5	7.4
1b Implicit Price Deflator	114.4	117.8	6.3	3.0	118.8	119.0	5.5	0.2
1c GDP at 2011-12 basic prices- ₹'000 crore	9921 ^{NS}	10644 ^{PE}	6.9	7.3	5101	5470	7.5	7.2
2 Gross Value Added in Agriculture and allied sectors at 2011-12 basic prices - ₹'000 crore	1579	1583	3.7	0.2	652	665	2.4	2.0
3 Index of Industrial Production (IIP)	172.0	176.9	-0.1	2.8	171.8	178.6	2.9	4.0
4 Electricity generated (in billion kwh)	967.2	1048.7	6.0	8.4	531.9	555.4	10.3	4.4
5 Wholesale price index 2004-05=100	177.6	181.2	6.0	2.0	183.6	177.4	4.8	-3.4
6 Consumer price index (New Series) 2012=100	112.2	118.9	9.5*	5.9	117.9	123.2	7.2	4.5
7 Money Supply ^β (M3) (₹ '000 crore)	9517.4	10545.6	13.4	10.8	9931.7	11031.8	12.4	11.1
8 Imports at current price ^α (in ₹ Crore)	2715434	2737087	1.7	0.8	1409404	1291598	4.0	-8.4
(in US\$ million)	450200	448033	-8.3	-0.5	234089	201156 (P)	1.6	-14.1
9 Exports at current prices ^α (in ₹ Crore)	1905011	1896348	16.6	-0.5	971716	856285(P)	6.7	-11.9
(in US\$ million)	314405	310338	4.7	-1.3	161397	133360(P)	5.0	-17.4
10 Foreign currency assets (in ₹Crore)	1660910	1985460	17.6	19.5	1776970	2139350(P)	13.7	20.4
(in US\$ million)	276359	317324	6.4	14.8	288005	326767	15.7	13.5
11 Exchange rate ^{α&β} (₹/US\$)	60.5	61.1	-10.1	-1.0	60.2	64.4	-1.9	-6.3

NS: New Series Estimates; PE: Provisional Estimates; *Base year 2010=100; ^β: Figures in column 6 and 7 are outstanding as on September 19, 2014 and September 18, 2015, respectively and figures in column 2 and 3 are for end March of the respective financial year; ^α: As per DGC&S; ^{α&β}: (+) indicates appreciation and (-) indicates depreciation of the Rupee vis-à-vis the US Dollar; [£]: 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; P: provisional.

2. MAJOR ITEMS OF INDIA'S BALANCE OF PAYMENTS DURING Q1 OF 2014-15 AND 2015-16

(in US\$ billion)

Items	2013-14	2014-15	2014-15	2015-16
	(PR)	(PR)	(P)	(P)
	Full Year	Full Year	Q1 (April-June 2014)	Q1 (April-June 2015)
Exports	318.6	316.7	81.7	68.0
Imports	466.2	460.9	116.3	102.2
Trade Balance	-147.6	-144.2	-34.6	-34.2
Net Invisible	115.2	116.2	26.7	28.0
Current Account Balance	-32.4	-27.9	-7.9	-6.2
External assistance (net)	1.0	1.6	-0.1	0.3
Commercial Borrowing (net)	11.8	2.7	1.3	-1.3
FDI (net)	21.6	32.6	7.9	10.2
Portfolio (net)	4.8	40.9	12.4	-2.3
Short term Debt (net)	-5.0	-0.9	0.2	-0.8
NRI Deposits (net)	38.9	14.1	2.4	5.9
Capital Account Balance	47.0	88.3	18.9	17.2
Errors & Omission	-0.9	-0.6	-0.1	-0.5
Capital Account Balance (including errors & Omission)	47.9	89.3	19.0	17.6
Overall Balance	15.5	61.4	11.2	11.4
Change in Reserves (-indicates increase; + indicates decrease) (on BOP Basis)	-15.5	-61.4	-11.2	-11.4
Memo: As ratio to GDP (%)				
Trade Balance	-7.9	-7.0	-6.9	-6.7
Net Invisibles	6.1	5.7	5.4	5.5
Current Account Balance	-1.7	-1.2	-1.6	-1.2
Net Capital Flows	2.6	4.4	3.8	3.4

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		
	2013-14*	2014-15*	14-Nov-15, (₹ crore)	13-Nov-15,	Full year 2013-14	year-on-year 14-Nov-14, 13-Nov-15
I. Broad Money	9517386.17	10545553.47	10118369.95	11252813.67	13.4	11.1
Components of Money Stock						
1) Currency with the public	1245819.30	1386348.99	1321581.28	1507877.05	9.2	7.6
2) Aggregate deposits with banks	8269601.75	9144614.48	8788777.69	9730018.69	14.1	11.6
3) Other deposits with Reserve Bank	1965.12	14589.99	8010.98	14917.93	-39.3	100.9
Sources of M3						
I. Net Bank Credit to Government (1+2)	3044869.75	3006156.88	3126703.18	3296695.62	12.4	3.2
1) RBI credit to Govt	698707.85	364523.12	583620.15	448450.00	-	-
2) Other Bank credit to Govt	2346161.90	2641633.77	2543083.03	2848245.62	10.7	9.5
II. Bank credit to Commercial Sector (1+2)	6445296.45	7039583.74	6699780.69	7333545.62	13.7	10.4
1) RBI credit to Commercial sector	8839.36	14846.73	4976.02	6804.00	-	-
2) Other Bank credit to Commercial sector	6436457.09	7024737.01	6694804.67	7326741.62	13.6	10.4
III. Net foreign exchange assets of the banking sector	1923947.70	2250649.40	2022969.50	2422922.73	17.6	9.9
IV. Govt's Net Currency Liability to the public	17339.00	19429.33	18612.00	20649.10	13.0	12.4
IV. Other items (net)	1914066.73	1770265.88	1749695.42	1820999.39	16.8	-5.4
Memorandum items						
1. NDA	7593438.47	8294904.07	8095400.45	8829890.94	12.4	11.4
2. Reserve money (M0)	1732742.00	1928463.10	1749404.90	1991862.03	14.4	8.2

*: Figures are for End March of the respective financial year

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

(Per cent)

Sector	2012-13	2013-14	2014-15	April-September	
Industry				2014-2015	2015-16
Core Infrastructure Industries					
Electricity generation	4.0	6.0	8.2	10.4	4.1
Coal	4.6	1.3	8.5	7.7	4.2
Steel	4.1	11.5	3.5	6.6	-0.4
Crude oil	-0.6	-0.2	-0.9	-1.2	0.4
Refinery products	29.0	1.5	0.3	-2.7	3.6
Cement	7.7	3.1	5.6	9.7	1.3
Natural gas	-14.5	-13.0	-5.1	-5.8	-2.1
Fertilizers	-3.4	1.5	-0.1	0.0	8.0
Overall index	6.5	4.2	4.2	5.1	2.3
Transport and Communication					
Roads (Widening & Strengthening of Highways)	-	-	-	-	-
NHAI	26.5	-33.2	-21.0	-24.4	51.1
State PWD & BRO	-3.0	-3.1	-10.6	-1.2	-0.7
Cargo handled at major ports	-2.6	1.8	4.6	3.9	4.1
Railway revenue earning freight traffic	4.1	4.3	4.2	4.2	1.6
Civil Aviation	-	-	-	-	-
Export Cargo handled	0.5	5.7	6.8	10.4	3.1
Import Cargo handled	-10.2	-1.8	7.3	6.6	10.6
Passengers handled at International Terminals	5.2	9.6	8.1	8.8	7.6
Passengers handled at Domestic Terminals	-4.4	5.5	13.7	10.4	19.2
Mobile Phone connection	0.0	-28.5	77.1	835.1	5.9

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)

DESCRIPTION	2015-2016			2014-2015		
	BE	ACTUALS upto 09/2015	%	BE	ACTUALS upto 09/2014	%
1 Corporation Tax	470628.00	182634.57	39%	451005.00	162269.35	36%
2 Taxes on Income	327367.00	125980.42	38%	284266.00	112635.08	40%
(a) Taxes on Income other than						
Corporation Tax	320836.00	122423.71	38%	278275.00	109412.23	39%
(b) Securities Transaction Tax	6531.00	3556.71	54%	5991.00	3222.85	54%
3 Wealth Tax	0.00	525.67		950.00	507.53	53%
4 Customs	208336.00	103624.63	50%	201819.00	87407.57	43%
5 Union Excise Duties	229808.54	103008.36	45%	207110.00	60547.05	29%
6 Service Tax	209774.00	78735.47	38%	215973.00	65201.09	30%
7 Other taxes	3577.02	2375.01	66%	3401.41	2050.52	60%
(a) Direct Taxes		-12.11			-0.62	
(b) Indirect Taxes		2387.12			2051.14	
GROSS TAX REVENUE	1449490.56	596884.13	41%	1364524.41	490618.19	36%
Of which netted against expenditure						
(Surcharge for financing National						
CalamityContingency Fund)	5690.00	2597.19	46%	5050.00	2012.49	40%
Balance Gross Tax Revenue	1443800.56	594286.94	41%	1359474.41	488605.70	36%
Less Assignment to States	523958.24	224551.26	43%	382215.94	165414.56	43%
NET TAX REVENUE	919842.32	369735.68	40%	977258.47	323191.14	33%

6. NON-TAX REVENUE

(₹ in crore)

DESCRIPTION	2015-2016			2014-2015		
	BE	ACTUALS upto 09/2015	%	BE	ACTUALS upto 09/2014	%
A. Interest receipts	44663.45	17300.26	39%	43572.35	15337.53	35%
<i>Less- i) Receipts incidental to Market Borrowing taken in reduction of cost of borrowing</i>	19944.12	9385.69	47%	22871.28	8040.29	35%
<i>ii) Waiver of Interest</i>	1120.00	1120.00	100%	950.00	950.00	100%
Net Interest Receipts	23599.33	6794.57	29%	19751.07	6347.24	32%
B. Dividends and Profits	100651.14	75545.17	75%	90229.28	61388.21	68%
C. Non-Tax Revenue of U.T.s	1295.82	592.74	46%	1110.68	568.70	51%
D. Other Non-Tax Revenue						
Fiscal Services	755.00	61.83	8%	168.22	208.90	124%
Other General Services	29691.14	12664.71	43%	26834.76	12219.85	46%
<i>Less: Other Receipts utilised to write-off loans etc.</i>	1005.18	0.00	0%	1005.18	5.18	1%
Net - Other General Services	28685.96	12664.71	44%	25829.58	12214.67	47%
Social Services	5878.81	1547.51	26%	4850.64	1099.62	23%
Economic Services	92090.66	54204.80	59%	95608.45	22258.61	23%
<i>Less - (I) Other Receipts utilised to write-off loans</i>	6.00	0.39	7%	4.50	4.17	93%
Net Economic Services	92084.66	54204.41	59%	95603.95	22254.44	23%
Grants-in-Aid and Contributions	1773.77	1073.80	61%	2404.51	426.48	18%
Total Other Non-Tax Revenue	129178.20	69552.26	54%	128856.90	36204.11	28%
Less : Commercial Departments	32991.90	8851.56	27%	27443.32	9803.63	36%
Net Other Non-Tax Revenue	96186.30	60700.70	63%	101413.58	26400.48	26%
Net Non-Tax Revenue (A+B+C+D)	221732.59	143633.18	65%	212504.61	94704.63	45%

Annex continued

7. CAPITAL RECEIPTS

(₹ in crore)

DESCRIPTION	2015-2016			2014-2015		
	BE	ACTUALS upto 09/2015	%	BE	ACTUALS upto 09/2014	%
1 (a) Market Loans including						
Short term borrowings	486468.01	266561.69	55%	495757.54	315214.40	64%
(b) Receipt under MSS (Net)	20000.00	0.00	0%	20000.00	0.00	0%
(c) Treasury Bills(14 days)	0.00	-20852.77		0.00	-24852.08	
2 Securities against Small Savings	22407.52	649.44	3%	8228.52	-621.61	-8%
3 (i) External Loans						
Gross Borrowings	34373.35	13104.98	38%	28175.04	13105.04	47%
Less: Repayments	23200.00	11469.48	49%	22441.26	9967.37	44%
Net Borrowings	11173.35	1635.50	15%	5733.78	3137.67	55%
(ii) Revolving Fund		-1.15			-2.17	
Non-Debt Capital Receipts (4&5)						
4 Recoveries of Loans and Advances						
Gross Recoveries	22713.87	6626.14	29%	22817.19	7018.28	31%
Less Recoveries of Ways & Means						
Advances and Loans to						
Govt. Servants	11961.04	815.84	7%	12290.00	1808.23	15%
Net Recoveries of Loans						
& Advances	10752.83	5810.30	54%	10527.19	5210.05	49%
5 Miscellaneous Capital Receipts	69500.00	12802.85	18%	63425.00	121.56	0%
(i) Disinvestment of Govt.'s						
Equity Holdings	41000.00	12802.46	31%	43425.00	121.56	0%
(ii) Other Misc. Receipts		0.39		20000.00	0.00	0%
(iii) Strategic Disinvestment	28500.00	0.00	0%			
6 National Small Savings Fund	1.09	39538.02		1.96	22281.12	
(a) Small Savings, Public						
Provident Funds	52025.18	20875.68	40%	24885.76	7395.07	30%
(b) Investment in Securities	-32744.99	10388.43	-32%	-3430.54	8181.36	-238%
(c) Income & Expenditure of NSSF	-19279.10	8273.91	-43%	-21453.26	6704.69	-31%
7 State Provident Funds	10000.00	656.62	7%	12000.00	487.96	4%
8 Public Accounts						
(other than SPF& NSSF)	20621.83	-3500.53	-17%	-4251.66	32894.19	-774%
9 Other Internal Debt Receipts	-7063.94	-3114.34	44%	-3453.76	-3638.61	105%
10 Ways & Means Advances		0.00			0.00	
11 Investment (-)/redemption						
(+) of Surplus Cash		89389.00			30251.00	
12 Decrease in Cash Balance	12041.44	7601.33	63%	17160.40	63673.66	371%
(Including difference between RBI & A/C)						
13 Cash held under MSS	-20000.00	0.00	0%	-20000.00	0.00	0%
TOTAL	635902.13	397175.96	62%	605128.97	444157.14	73%

8. PLAN EXPENDITURE

(₹ in crore)

MINISTRY/ DEPARTMENT	2015-2016			2014-2015		
	BE	ACTUALS upto 09/2015	%	BE	ACTUALS upto 09/2014	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF AGRICULTURE	21828.49	10806.78	50%	28198.00	14412.72	51%
Department of Agriculture and Cooperation	16646.35	7996.87	48%	22309.00	11650.10	52%
Department of Agricultural Research and Education	3691.00	1796.79	49%	3715.00	1696.50	46%
Department of Animal Husbandry, Dairying and Fisheries	1491.14	1013.12	68%	2174.00	1066.12	49%
DEPARTMENT OF ATOMIC ENERGY	5900.00	3235.93	55%	5880.00	2244.67	38%
Atomic Energy	5000.00	2805.69	56%	4910.00	2244.67	46%
Nuclear Power Schemes	900.00	430.24	48%	970.00	0.00	0%
MINISTRY OF AYURVEDA, YOGA AND NATUROPATHY, UNANI, SIDDHA AND HOMOEOPATHY (AYUSH)	1008.00	612.19	61%	1069.00	233.56	22%
Ministry of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	1008.00	612.19	61%	1069.00	233.56	22%
MINISTRY OF CHEMICALS AND FERTILISERS	448.00	123.27	28%	514.00	80.78	16%
Department of Chemicals and Petrochemicals	188.00	50.94	27%	207.00	62.10	30%
Department of Fertilisers	50.00	0.00	0%	100.00	1.12	1%
Department of Pharmaceuticals	210.00	72.33	34%	207.00	17.56	8%
MINISTRY OF CIVIL AVIATION	2720.00	2445.84	90%	6720.00	4755.83	71%
Ministry of Civil Aviation	2720.00	2445.84	90%	6720.00	4755.83	71%
MINISTRY OF COAL	551.00	324.87	59%	550.00	327.72	60%
Ministry of Coal	551.00	324.87	59%	550.00	327.72	60%
MINISTRY OF COMMERCE AND INDUSTRY	3689.65	2422.72	66%	3926.00	1762.21	45%
Department of Commerce	1425.15	1058.56	74%	2226.00	1069.51	48%
Department of Industrial Policy & Promotion	2264.50	1364.16	60%	1700.00	692.70	41%
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY	8236.56	2788.38	34%	12115.00	3048.47	25%
Department of Posts	468.61	142.17	30%	800.00	67.16	8%
Department of Telecommunications						
Gross	7599.95	1306.99	17%	11037.00	1366.61	12%
Less : Recoveries	2400.00	30.11	1%	3537.00	53.60	2%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Net	5199.95	1276.88	25%	7500.00	1313.01	18%
Department of Electronics and Information Technology	2568.00	1369.33	53%	3815.00	1668.30	44%
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION	392.00	100.89	26%	550.00	123.51	22%
Department of Consumer Affairs	180.00	76.42	42%	220.00	37.49	17%
Department of Food and Public Distribution	212.00	24.47	12%	330.00	86.02	26%
MINISTRY OF CORPORATE AFFAIRS	24.00	2.75	11%	24.00	10.19	42%
Ministry of Corporate Affairs	24.00	2.75	11%	24.00	10.19	42%
MINISTRY OF CULTURE	1455.00	673.42	46%	1835.00	943.89	51%
Ministry of Culture	1455.00	673.42	46%	1835.00	943.89	51%
MINISTRY OF DEFENCE	450.00	61.42	14%	0.00	0.00	
Ministry of Defence	450.00	61.42	14%	0.00	0.00	
MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION	2334.50	797.17	34%	2306.00	558.32	24%
Ministry of Development of North Eastern Region						
Gross	2334.50	797.17	34%	2476.00	576.15	23%
Less : Recoveries	0.00	0.00		170.00	17.83	10%
Net	2334.50	797.17	34%	2306.00	558.32	24%
MINISTRY OF DRINKING WATER AND SANITATION	6236.00	5416.51	87%	15260.00	4471.62	29%
Ministry of Drinking Water and Sanitation	6236.00	5416.51	87%	15260.00	4471.62	29%
MINISTRY OF EARTH SCIENCES	1179.00	485.99	41%	1281.00	494.97	39%
Ministry of Earth Sciences	1179.00	485.99	41%	1281.00	494.97	39%
MINISTRY OF ENVIRONMENT AND FORESTS AND CLIMATE CHANGE	1446.60	734.12	51%	2043.00	804.29	39%
Ministry of Environment and Forests and Climate Change	1446.60	734.12	51%	2043.00	804.29	39%
MINISTRY OF EXTERNAL AFFAIRS	5336.20	2165.84	41%	5100.00	2191.79	43%
Ministry of External Affairs	5336.20	2165.84	41%	5100.00	2191.79	43%
MINISTRY OF FINANCE	54274.10	29697.27	55%	96367.00	34106.93	35%
Department of Economic Affairs						
Gross	10110.70	3654.16	36%	11427.00	3233.14	28%
Less : Recoveries	1645.60	411.00	25%	1496.00	374.00	25%
Net	8465.10	3243.16	38%	9931.00	2859.14	29%
Department of Financial Services						
Gross	17745.00	17977.00	101%	25300.00	1550.00	6%
Less : Recoveries	7940.00	0.00	0%	11200.00	0.00	0%
Net	9805.00	17977.00	183%	14100.00	1550.00	11%

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Transfers to State and UT Governments	36000.00	8473.81	24%	72332.00	29695.79	41%
Department of Expenditure	4.00	3.30	83%	4.00	2.00	50%
MINISTRY OF FOOD PROCESSING INDUSTRIES	487.00	271.83	56%	770.00	455.95	59%
Ministry of Food Processing Industries	487.00	271.83	56%	770.00	455.95	59%
MINISTRY OF HEALTH AND FAMILY WELFARE	26659.17	15019.64	56%	33156.00	14249.90	43%
Department of Health and Family Welfare	24549.00	13777.50	56%	30645.00	13122.79	43%
Department of Health Research	713.17	288.85	41%	726.00	394.26	54%
Department of AIDS Control	1397.00	953.29	68%	1785.00	732.85	41%
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES	678.88	51.98	8%	809.00	196.51	24%
Department of Heavy Industry	669.88	48.54	7%	800.00	194.32	24%
Department of Public Enterprises	9.00	3.44	38%	9.00	2.19	24%
MINISTRY OF HOME AFFAIRS	9542.98	4806.32	50%	12678.00	4589.95	36%
Ministry of Home Affairs	705.00	560.69	80%	794.00	237.61	30%
Police						
Gross	7521.98	3633.60	48%	10577.00	3839.98	36%
Less : Recoveries	150.00	6.42	4%	150.00	0.00	0%
Net	7371.98	3627.18	49%	10427.00	3839.98	37%
Other Expenditure of the Ministry of Home Affairs	327.00	48.95	15%	318.00	36.89	12%
Transfers to UT Governments	1139.00	569.50	50%	1139.00	475.47	42%
MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION	5625.30	359.54	6%	6000.00	1714.00	29%
Ministry of Housing and Urban Poverty Alleviation	5625.30	359.54	6%	6000.00	1714.00	29%
MINISTRY OF HUMAN RESOURCE DEVELOPMENT	54893.76	29758.87	54%	68728.00	28091.19	41%
Department of School Education and Literacy						
Gross	66613.50	22217.20	33%	79408.00	21703.22	27%
Less : Rec.						
(Prarambik shiksha kosh)	27575.00	0.00	0%	27580.00	0.00	0%
Net	39038.50	22217.20	57%	51828.00	21703.22	42%
Department of Higher Education	15855.26	7541.67	48%	16900.00	6387.97	38%
MINISTRY OF INFORMATION AND BROADCASTING	914.53	508.85	56%	1005.00	487.26	48%
Ministry of Information and Broadcasting	914.53	508.85	56%	1005.00	487.26	48%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF LABOUR AND						
EMPLOYMENT	2153.02	346.67	16%	2448.60	562.71	23%
Ministry of Labour and Employment	2153.02	346.67	16%	2448.60	562.71	23%
MINISTRY OF LAW AND JUSTICE	806.65	390.10	48%	1103.00	372.83	34%
Law and Justice	806.65	390.10	48%	1103.00	372.83	34%
MINISTRY OF MICRO, SMALL AND						
MEDIUM ENTERPRISE	2612.51	1434.90	55%	3327.00	795.36	24%
Ministry of Micro, Small and						
Medium Enterprises	2612.51	1434.90	55%	3327.00	795.36	24%
MINISTRY OF MINES	570.58	212.03	37%	567.00	172.76	30%
Ministry of Mines	570.58	212.03	37%	567.00	172.76	30%
MINISTRY OF MINORITY AFFAIRS	3712.78	1060.99	29%	3711.00	1536.23	41%
Ministry of Minority Affairs	3712.78	1060.99	29%	3711.00	1536.23	41%
MINISTRY OF NEW AND						
RENEWABLE ENERGY	287.67	469.15	163%	941.00	1101.97	117%
Ministry of New and Renewable Energy						
Gross	2787.67	2025.35	73%	2519.00	1106.64	44%
Less : Recoveries	2500.00	1556.20	62%	1578.00	4.67	0%
Net	287.67	469.15	163%	941.00	1101.97	117%
MINISTRY OF OVERSEAS INDIAN AFFAIRS	20.00	1.27	6%	20.00	0.00	0%
Ministry of Overseas Indian Affairs	20.00	1.27	6%	20.00	0.00	0%
MINISTRY OF PANCHAYATI RAJ	94.00	12.24	13%	7000.00	1960.53	28%
Ministry of Panchayati Raj	94.00	12.24	13%	7000.00	1960.53	28%
MINISTRY OF PERSONNEL, PUBLIC						
GRIEVANCES & PENSIONS	260.15	110.45	42%	279.00	87.89	32%
Ministry of Personnel, Public						
Grievances and Pensions	260.15	110.45	42%	279.00	87.89	32%
MINISTRY OF PETROLEUM AND						
NATURAL GAS	50.00	46.43	93%	43.00	0.00	0%
Ministry of Petroleum and Natural Gas	50.00	46.43	93%	43.00	0.00	0%
MINISTRY OF PLANNING	2114.52	962.47	46%	2515.00	767.66	31%
Ministry of Planning	2114.52	962.47	46%	2515.00	767.66	31%
MINISTRY OF POWER	6799.74	3791.92	56%	9642.00	3181.92	33%
Ministry of Power						
Gross	8092.74	3872.43	48%	10558.00	3257.13	31%
Less : Recoveries	1293.00	80.51	6%	916.00	75.21	8%
Net	6799.74	3791.92	56%	9642.00	3181.92	33%
MINISTRY OF ROAD TRANSPORT						
AND HIGHWAYS	42912.65	29993.36	70%	28881.00	19125.02	66%
Ministry of Road Transport						
and Highways						
Gross	75292.74	51144.49	68%	51481.44	28923.11	56%
Less : Recoveries						
(Central Road fund & Bridge						
fee fund)	32380.09	21151.13	65%	22600.44	9798.09	43%
Net	42912.65	29993.36	70%	28881.00	19125.02	66%

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF RURAL DEVELOPMENT	73269.77	48204.45	66%	83793.00	45049.80	54%
Department of Rural Development						
Gross	113994.50	47713.96	42%	118192.20	43102.60	36%
Less : Recoveries						
(National Emp. Gur fund/CR fund)	42352.50	411.00	1%	38149.20	0.00	0%
Net	71642.00	47302.96	66%	80043.00	43102.60	54%
Department of Land Resources	1627.77	901.49	55%	3750.00	1947.20	52%
MINISTRY OF SCIENCE AND TECHNOLOGY	7289.30	3598.05	49%	6725.00	3420.10	51%
Department of Science and Technology	3401.50	1706.30	50%	3125.00	1694.57	54%
Department of Scientific and Industrial Research	2281.00	1106.23	48%	2100.00	1002.97	48%
Department of Bio-Technology	1606.80	785.52	49%	1500.00	722.56	48%
MINISTRY OF SHIPPING	932.79	504.83	54%	899.00	127.07	14%
Ministry of Shipping	932.79	504.83	54%	899.00	127.07	14%
MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP	1500.00	500.00	33%	0.00	0.00	
Ministry of Skill Development and Entrepreneurship	1500.00	500.00	33%	0.00	0.00	
MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT	6467.00	3334.56	52%	6165.00	2655.87	43%
Ministry of Social Justice & Empowerment	6467.00	3334.56	52%	6165.00	2655.87	43%
DEPARTMENT OF DISABILITY AFFAIRS	565.40	251.49	44%	565.00	156.77	28%
Department of Disability Affairs	565.40	251.49	44%	565.00	156.77	28%
DEPARTMENT OF SPACE	6000.19	2145.62	36%	6000.00	2782.46	46%
Department of Space						
Gross	6000.19	2145.62	36%	6000.04	2782.46	46%
Less : Recoveries	0.00	0.00		0.04	0.00	0%
Net	6000.19	2145.62	36%	6000.00	2782.46	46%
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION	4352.50	1966.57	45%	4478.00	1285.49	29%
Ministry of Statistics and Programme Implementation	4352.50	1966.57	45%	4478.00	1285.49	29%
MINISTRY OF STEEL	15.00	8.55	57%	20.00	0.66	3%
Ministry of Steel	15.00	8.55	57%	20.00	0.66	3%
MINISTRY OF TEXTILES	3523.32	1701.50	48%	4831.00	1893.29	39%
Ministry of Textiles	3523.32	1701.50	48%	4831.00	1893.29	39%
MINISTRY OF TOURISM	1483.20	269.32	18%	1882.00	262.08	14%
Ministry of Tourism	1483.20	269.32	18%	1882.00	262.08	14%
MINISTRY OF TRIBAL AFFAIRS	4792.19	2875.45	60%	4479.00	2229.47	50%
Ministry of Tribal Affairs	4792.19	2875.45	60%	4479.00	2229.47	50%

Annex continued

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
U.T.s WITHOUT LEGISLATURE		5044.00	2296.59	46%	4737.00	1825.60	39%
Andaman & Nicobar Islands		2200.00	1119.44	51%	2100.00	828.88	39%
Chandigarh		860.00	333.97	39%	813.00	253.33	31%
Dadra & Nagar Haveli		750.00	440.44	59%	703.00	382.81	54%
Daman & Diu		723.60	177.09	24%	657.00	233.67	36%
Lakshadweep		510.40	225.65	44%	464.00	126.91	27%
MINISTRY OF URBAN DEVELOPMENT		16054.18	7030.77	44%	16984.40	5531.96	33%
Department of Urban Development		15676.20	6921.52	44%	16508.09	5437.79	33%
Public Works		377.98	109.25	29%	476.31	94.17	20%
MINISTRY OF WATER RESOURCES, RIVER DEVELOPMENT AND GANGA REJUVENATION							
REJUVENATION		3607.00	1959.99	54%	13237.00	854.38	6%
Ministry of Water Resources, River Development and Ganga Rejuvenation							
Gross		5732.00	1964.20	34%	14762.00	866.51	6%
Less : Recoveries		2125.00	4.21	0%	1525.00	12.13	1%
Net		3607.00	1959.99	54%	13237.00	854.38	6%
MINISTRY OF WOMEN AND CHILD DEVELOPMENT							
CHILD DEVELOPMENT		10286.73	8515.09	83%	21100.00	12618.13	60%
Ministry of Women and Child Development		10286.73	8515.09	83%	21100.00	12618.13	60%
MINISTRY OF YOUTH AFFAIRS & SPORTS							
AFFAIRS & SPORTS		1389.48	597.08	43%	1643.00	524.67	32%
Ministry of Youth Affairs and Sports		1389.48	597.08	43%	1643.00	524.67	32%
RAILWAYS		40000.00	15551.82	39%	30100.00	15050.00	50%
Ministry of Railways							
Gross			15551.82			17158.65	
Less : Exp.met from Receipts			0.00			3.31	
Exp. Met from Reserve Funds			0.00			2105.34	
Net		40000.00	15551.82	39%	30100.00	15050.00	50%
GRAND TOTAL		465277.04	253816.10	55%	575000.00	246288.91	43%

9. NON-PLAN EXPENDITURE

(₹ in crore)

MINISTRY/ DEPARTMENT	2015-2016			2014-2015		
	BE	ACTUALS upto 09/2015	%	BE	ACTUALS upto 09/2014	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF AGRICULTURE	3081.29	1681.11	55%	2864.94	1654.86	58%
Department of Agriculture and Cooperation	358.00	125.02	35%	343.25	162.43	47%
Department of Agricultural Research and Education	2629.00	1529.26	58%	2429.39	1412.64	58%
Department of Animal Husbandry, Dairying and Fisheries						
<i>Gross</i>	645.02	230.03	36%	572.31	261.68	46%
<i>Less : Receipts</i>	550.73	203.20	37%	480.01	181.89	38%
<i>Net</i>	94.29	26.83	28%	92.30	79.79	86%
DEPARTMENT OF ATOMIC ENERGY	5012.00	3010.64	60%	4566.59	2780.20	61%
Atomic Energy						
<i>Gross</i>	7085.44	3518.31	50%	6339.44	3526.64	56%
<i>Less : Receipts</i>	2593.03	641.91	25%	2264.94	802.44	35%
<i>Recoveries</i>	292.41	51.81	18%	247.50	69.67	28%
<i>Net</i>	4200.00	2824.59	67%	3827.00	2654.53	69%
Nuclear Power Schemes						
<i>Gross</i>	3959.65	2035.32	51%	3927.49	2001.34	51%
<i>Less : Receipts</i>	3147.65	1849.27	59%	3187.90	1875.67	59%
<i>Net</i>	812.00	186.05	23%	739.59	125.67	17%
MINISTRY OF AYURVEDA, YOGA AND NATURAPATHY, UNANI, SIDDHA AND HOMOEOPATHY (AYUSH)	206.00	120.10	58%	203.15	74.98	37%
Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	206.00	120.10	58%	203.15	74.98	37%
MINISTRY OF CHEMICALS AND FERTILISERS	73114.00	54613.94	75%	73104.55	48758.48	67%
Department of Chemicals and Petrochemicals	67.18	16.59	25%	63.68	20.06	32%
Department of Fertilisers						
<i>Gross</i>	77097.80	57004.72	74%	77100.00	49758.39	65%
<i>Less : Recoveries</i>	4100.00	2430.30	59%	4100.00	1038.21	25%
<i>Net</i>	72997.80	54574.42	75%	73000.00	48720.18	67%
Department of Pharmaceuticals	49.02	22.93	47%	40.87	18.24	45%
MINISTRY OF CIVIL AVIATION	621.50	294.22	47%	657.98	236.91	36%
Ministry of Civil Aviation						
<i>Gross</i>	621.54	294.24	47%	658.02	236.91	36%
<i>Less : Recoveries</i>	0.04	0.02	50%	0.04	0.00	0%
<i>Net</i>	621.50	294.22	47%	657.98	236.91	36%
MINISTRY OF COAL	55.00	19.21	35%	50.00	459.89	920%
Ministry of Coal						
<i>Gross</i>	1155.00	288.47	25%	1697.00	459.89	27%
<i>Less : Recoveries</i>	1100.00	269.26	24%	1647.00	0.00	0%
<i>Net</i>	55.00	19.21	35%	50.00	459.89	920%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF COMMERCE AND INDUSTRY	4018.05	1188.74	30%	3873.02	1753.68	45%
Department of Commerce						
<i>Gross</i>	3666.36	1070.85	29%	3631.00	1629.33	45%
<i>Less : Recoveries</i>	0.00	0.00		3.00	4.07	136%
<i>Net</i>	3666.36	1070.85	29%	3628.00	1625.26	45%
Department of Industrial Policy and Promotion	351.69	117.89	34%	245.02	128.42	52%
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY	15006.74	12505.26	83%	14054.92	10338.94	74%
Department of Posts						
<i>Gross</i>	19362.30	9485.06	49%	17859.85	9061.64	51%
<i>Less : Receipts</i>	12036.87	2276.69	19%	10281.90	2370.29	23%
<i>Recoveries</i>	655.34	17.40	3%	665.19	9.87	1%
<i>Net</i>	6670.09	7190.97	108%	6912.76	6681.48	97%
Department of Telecommunications	8274.65	5276.85	64%	7028.06	3563.12	51%
Department of Electronics and Information Technology	62.00	37.44	60%	114.10	94.34	83%
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION	125081.77	81999.91	66%	115402.63	74514.50	65%
Department of Consumer Affairs						
<i>Gross</i>	96.77	42.33	44%	90.79	43.11	47%
<i>Less : Recoveries</i>	15.00	0.03	0%	15.00	0.00	0%
<i>Net</i>	81.77	42.30	52%	75.79	43.11	57%
Department of Food & Public Distribution						
<i>Gross</i>	136325.55	82005.44	60%	125954.34	74676.98	59%
<i>Less: Receipts</i>	10000.00	0.00	0%	10000.00	0.00	0%
<i>Recoveries</i>	1325.55	47.83	4%	627.50	205.59	33%
<i>Net</i>	125000.00	81957.61	66%	115326.84	74471.39	65%
MINISTRY OF CORPORATE AFFAIRS	247.88	109.55	44%	231.25	121.20	52%
Ministry of Corporate Affairs	247.88	109.55	44%	231.25	121.20	52%
MINISTRY OF CULTURE	714.00	421.50	59%	676.00	376.38	56%
Ministry of Culture	714.00	421.50	59%	676.00	376.38	56%
MINISTRY OF DEFENCE	309629.60	143698.20	46%	285202.87	133394.28	47%
Ministry of Defence						
<i>Gross</i>	23427.22	7922.44	34%	16577.87	7624.42	46%
<i>Less : Receipts</i>	14924.62	4734.77	32%	11375.00	5335.35	47%
<i>: Recoveries</i>	100.00	14.31	14%	0.00		
<i>Net</i>	8402.60	3173.36	38%	5202.87	2289.07	44%
Defence Pensions	54500.00	35970.95	66%	51000.00	29084.31	57%
DEFENCE SERVICES	246727.00	104553.89	42%	229000.00	102020.90	45%
Defence Services-Army						
<i>Gross</i>	107040.83	51364.88	48%	95337.82	49987.32	52%
<i>Less : Receipts</i>	2836.88	1046.44	37%	2623.50	866.26	33%
<i>Recoveries</i>	45.00	0.00	0%	45.00	0.00	0%
<i>Net</i>	104158.95	50318.44	48%	92669.32	49121.06	53%
Defence Services-Navy						
<i>Gross</i>	16125.64	6909.50	43%	14175.79	6231.65	44%
<i>Less : Receipts</i>	600.00	140.63	23%	200.00	429.93	215%
<i>Net</i>	15525.64	6768.87	44%	13975.79	5801.72	42%

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Defence Services-Air Force						
<i>Gross</i>	24300.09	9699.70	40%	21206.84	10003.88	47%
<i>Less : Receipts</i>	1300.00	408.38	31%	700.00	2287.94	327%
<i>Net</i>	23000.09	9291.32	40%	20506.84	7715.94	38%
Defence Ordnance Factories						
<i>Gross</i>	14705.73	3145.07	21%	14316.65	2759.18	19%
<i>Less : Receipts</i>	1678.93	606.54	36%	1660.47	606.79	37%
<i>Recoveries</i>	10142.57	0.00	0%	11380.75	0.00	0%
<i>Net</i>	2884.23	2538.53	88%	1275.43	2152.39	169%
Defence Services - Research and Development						
<i>Gross</i>	6635.09	2836.20	43%	6039.67	2713.67	45%
<i>Less : Receipts</i>	65.00	252.20	388%	55.00	29.43	54%
<i>Net</i>	6570.09	2584.00	39%	5984.67	2684.24	45%
Capital Outlay on Defence Services	94588.00	33052.73	35%	94587.95	34545.55	37%
MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION	28.24	13.24	47%	26.78	15.57	58%
Ministry of Development of North Eastern Region						
<i>Gross</i>	198.24	13.24	7%	26.78	15.57	58%
<i>Less : Recoveries</i>	170.00	0.00	0%	0.00	0.00	
<i>Net</i>	28.24	13.24	47%	26.78	15.57	58%
MINISTRY OF DRINKING WATER AND SANITATION	7.87	4.65	59%	6.85	4.02	59%
Ministry of Drinking Water and Sanitation	7.87	4.65	59%	6.85	4.02	59%
MINISTRY OF EARTH SCIENCES	440.70	207.05	47%	418.00	220.24	53%
Ministry of Earth Sciences						
<i>Gross</i>	443.68	208.77	47%	421.23	220.70	52%
<i>Less : Recoveries</i>	2.98	1.72	58%	3.23	0.46	14%
<i>Net</i>	440.70	207.05	47%	418.00	220.24	53%
MINISTRY OF ENVIRONMENT AND FORESTS AND CLIMATE CHANGE	235.00	124.44	53%	213.00	146.41	69%
Ministry of Environment and Forests and Climate Change						
<i>Gross</i>	491.00	167.89	34%	467.50	151.12	32%
<i>Less: Receipt</i>	256.00	43.45	17%	254.50	4.71	2%
<i>Net</i>	235.00	124.44	53%	213.00	146.41	69%
MINISTRY OF EXTERNAL AFFAIRS	9630.63	5051.33	52%	9630.39	4768.41	50%
Ministry of External Affairs	9630.63	5051.33	52%	9630.39	4768.41	50%
MINISTRY OF FINANCE	625686.88	277487.80	44%	544037.18	231306.37	43%
Department of Economic Affairs						
<i>Gross</i>	13265.87	3633.04	27%	10563.42	3987.74	38%
<i>Less: Recoveries</i>	2500.00	2647.54	106%	2000.05	391.79	20%
<i>Receipts</i>	1991.41	676.36	34%	1688.26	1647.54	98%
<i>Net</i>	8774.46	309.14	4%	6875.11	1948.41	28%
Department of Financial Services	15061.80	10475.65	70%	7536.10	4003.01	53%
Interest Payments						
<i>Gross</i>	476089.17	207039.12	43%	449882.66	193710.36	43%
<i>Less : Receipts</i>	19944.12	9385.69	47%	22871.28	8040.29	35%
<i>Net</i>	456145.05	197653.43	43%	427011.38	185670.07	43%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Transfers to State and UT Governments						
Gross	100669.52	47122.92	47%	76100.00	22598.93	30%
Less : Receipts	5790.00	2597.19	45%	6050.00	2012.19	33%
Recoveries	5690.00	4632.64	81%	5050.00	310.09	6%
Net	89189.52	39893.09	45%	65000.00	20276.65	31%
Loans to Govt. Servants etc.						
Gross	200.00	55.20	28%	200.00	51.59	26%
Less : Receipts	375.00	139.48	37%	375.00	160.69	43%
Net	-175.00	-84.28	48%	-175.00	-109.10	62%
Repayment of Debt						
Gross (Excluding MSS)	4233227.78	1887311.55	45%	4064025.03	1803687.79	44%
Less : Receipts	4233227.78	1887311.55	45%	4064025.03	1803687.79	44%
Net	0.00	0.00		0.00	0.00	
Department of Expenditure	152.84	54.78	36%	151.90	65.43	43%
Pensions						
Gross	27285.00	14748.88	54%	24778.00	13451.53	54%
Less : Receipts	1000.00	0.00	0%	1000.00	0.00	0%
Net	26285.00	14748.88	56%	23778.00	13451.53	57%
Indian Audit and Accounts Department						
Gross	3677.39	1713.03	47%	3337.08	1625.59	49%
Less: Recoveries	248.34	59.14	24%	213.51	55.97	26%
Net	3429.05	1653.89	48%	3123.57	1569.62	50%
Department of Revenue						
Gross	16187.69	8123.47	50%	832.91	265.79	32%
Less: Receipts	400.43	134.77	34%	338.97	105.92	31%
Recoveries	78.26	0.02	0%	56.04	0.63	1%
Net	15709.00	7988.68	51%	437.90	159.24	36%
Direct Taxes						
Gross	5408.56	2400.34	44%	5094.89	2065.49	41%
Less: Recoveries	2.00	0.47	24%	2.00	22.13	
Net	5406.56	2399.87	44%	5092.89	2043.36	40%
Indirect Taxes						
Gross	5665.10	2391.74	42%	5155.83	2216.34	43%
Less: Recoveries	0.50	1.93	386%	0.50	1.39	278%
Net	5664.60	2389.81	42%	5155.33	2214.95	43%
Department of Disinvestment	44.00	4.86	11%	50.00	13.20	26%
MINISTRY OF FOOD PROCESSING INDUSTRIES	18.51	9.13	49%	15.86	7.94	50%
Ministry of Food Processing Industries	18.51	9.13	49%	15.86	7.94	50%
MINISTRY OF HEALTH AND FAMILY WELFARE	5409.00	3161.17	58%	4809.67	3822.27	79%
Department of Health and Family Welfare						
Gross	7819.67	3367.50	43%	7800.79	3928.80	50%
Less : Recoveries	2715.67	354.33	13%	3282.79	318.03	10%
Net	5104.00	3013.17	59%	4518.00	3610.77	80%
Department of Health Research	305.00	148.00	49%	291.67	211.50	73%
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES	964.85	53.36	6%	453.44	34.88	8%
Department of Heavy Industry	954.85	47.76	5%	443.62	28.94	7%
Department of Public Enterprises	10.00	5.60	56%	9.82	5.94	60%

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF HOME AFFAIRS	58901.12	33725.35	57%	53067.28	29262.90	55%
Ministry of Home Affairs	865.00	393.43	45%	850.67	359.32	42%
Cabinet	416.99	385.02	92%	433.52	116.18	27%
Police						
<i>Gross</i>	55082.54	31824.11	58%	49326.76	27691.72	56%
<i>Less : Recoveries</i>	330.00	162.87	49%	303.00	138.69	46%
<i>Net</i>	54752.54	31661.24	58%	49023.76	27553.03	56%
Other Expenditure of the						
Ministry of Home Affairs	2237.59	971.66	43%	2171.83	941.87	43%
Transfers to UT Govts.	629.00	314.00	50%	587.50	292.50	50%
MINISTRY OF HOUSING AND URBAN						
POVERTY ALLEVIATION	9.17	6.67	73%	8.62	4.75	55%
Ministry of Housing and Urban						
Poverty Alleviation	9.17	6.67	73%	8.62	4.75	55%
MINISTRY OF HUMAN RESOURCE						
DEVELOPMENT	14181.00	7601.66	54%	14043.10	6500.23	46%
Department of School						
Education and Literacy	3181.00	1569.97	49%	3287.10	1596.21	49%
Department of Higher Education	11000.00	6031.69	55%	10756.00	4904.02	46%
MINISTRY OF INFORMATION AND						
BROADCASTING	2796.58	1997.69	71%	2311.00	1650.62	71%
Ministry of Information and						
Broadcasting	2796.58	1997.69	71%	2311.00	1650.62	71%
MINISTRY OF LABOUR AND						
EMPLOYMENT	3208.35	2617.11	82%	3159.73	2597.66	82%
Ministry of Labour and Employment						
<i>Gross</i>	3415.69	2617.13	77%	3354.71	2597.67	77%
<i>Less : Recoveries</i>	207.34	0.02	0%	194.98	0.01	0%
<i>Net</i>	3208.35	2617.11	82%	3159.73	2597.66	82%
MINISTRY OF LAW AND JUSTICE	2952.00	1506.82	51%	1147.61	578.45	50%
Election Commission	80.00	29.02	36%	69.00	39.71	58%
Law and Justice	2717.00	1382.35	51%	944.25	454.97	48%
Supreme Court of India	155.00	95.45	62%	134.36	83.77	62%
MINISTRY OF MICRO, SMALL AND						
MEDIUM ENTERPRISES	394.91	234.63	59%	375.28	182.83	49%
Ministry of Micro, Small and						
Medium Enterprises	394.91	234.63	59%	375.28	182.83	49%
MINISTRY OF MINES	585.13	316.51	54%	537.26	306.02	57%
Ministry of Mines	585.13	316.51	54%	537.26	306.02	57%
MINISTRY OF MINORITY AFFAIRS	25.33	13.03	51%	23.01	9.44	41%
Ministry of Minority Affairs	25.33	13.03	51%	23.01	9.44	41%
MINISTRY OF NEW AND RENEWABLE						
ENERGY	15.54	7.62	49%	15.39	7.53	49%
Ministry of New and Renewable						
Energy	15.54	7.62	49%	15.39	7.53	49%
MINISTRY OF OVERSEAS						
INDIANS AFFAIRS	98.17	30.20	31%	128.98	28.89	22%
Ministry of Overseas Indians Affairs	98.17	30.20	31%	128.98	28.89	22%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
MINISTRY OF PANCHAYATIRAJ	0.75	0.74	99%	0.70	0.23	33%
Ministry of Panchayati Raj	0.75	0.74	99%	0.70	0.23	33%
MINISTRY OF PARLIAMENTARY AFFAIRS	15.57	8.72	56%	14.35	7.01	49%
Ministry of Parliamentary Affairs	15.57	8.72	56%	14.35	7.01	49%
MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES & PENSIONS	893.75	438.15	49%	791.41	414.16	52%
Ministry of Personnel, Public Grievances and Pensions	893.75	438.15	49%	791.41	414.16	52%
CENTRAL VIGILANCE COMMISSION	27.68	11.87	43%	20.35	11.82	58%
Central Vigilance Commission	27.68	11.87	43%	20.35	11.82	58%
MINISTRY OF PETROLEUM AND NATURAL GAS	30075.55	11802.45	39%	63500.00	48814.73	77%
Ministry of Petroleum and Natural Gas	30075.55	11802.45	39%	63500.00	48814.73	77%
MINISTRY OF PLANNING	97.11	42.15	43%	91.86	48.62	53%
Ministry of Planning	97.11	42.15	43%	91.86	48.62	53%
MINISTRY OF POWER	-73.81	71.73	-97%	-98.10	67.65	-69%
Ministry of Power						
Gross	179.09	84.52	47%	166.80	77.84	47%
Less : Receipts	208.57	0.00	0%	224.60	0.00	0%
Recoveries	44.33	12.79	29%	40.30	10.19	25%
Net	-73.81	71.73	-97%	-98.10	67.65	-69%
THE PRESIDENT, PARLIAMENT, UNION PUBLIC SERVICE COMMISSION AND THE SECRETARIAT OF THE VICE-PRESIDENT	1186.04	544.61	46%	1094.36	490.59	45%
Staff, Household and Allowances of the President	46.00	23.86	52%	38.25	20.63	54%
Lok Sabha	599.60	244.08	41%	562.86	216.55	38%
Rajya Sabha	336.39	151.36	45%	318.63	140.04	44%
Union Public Service Commission	200.00	123.20	62%	170.81	111.30	65%
Secretariat of the Vice-President	4.05	2.11	52%	3.81	2.07	54%
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS	2839.00	1536.02	54%	5464.20	1962.98	36%
Ministry of Road Transport and Highways						
Gross	2839.00	1536.02	54%	5564.20	1993.78	36%
Less : Recoveries	0.00	0.00		100.00	30.80	31%
Net	2839.00	1536.02	54%	5464.20	1962.98	36%
MINISTRY OF RURAL DEVELOPMENT	62.81	31.42	50%	59.46	27.10	46%
Department of Rural Development	53.08	26.77	50%	50.33	21.92	44%
Department of Land Resources	9.73	4.65	48%	9.13	5.18	57%
MINISTRY OF SCIENCE AND TECHNOLOGY	2202.54	1094.01	50%	2043.36	1036.99	51%
Department of Science and Technology						
Gross	460.32	232.26	50%	442.12	226.74	51%
Less : Recoveries	26.12	15.57	60%	23.12	2.61	11%
Net	434.20	216.69	50%	419.00	224.13	53%

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Department of Scientific and Industrial Research	1750.00	867.60	50%	1607.15	803.56	50%
Department of Biotechnology	18.34	9.72	53%	17.21	9.30	54%
MINISTRY OF SHIPPING	507.00	412.71	81%	509.74	437.59	86%
Ministry of Shipping						
<i>Gross</i>	847.00	556.88	66%	875.74	521.09	60%
<i>Less : Receipts</i>	250.00	130.95	52%	240.00	82.07	34%
<i>Recoveries</i>	90.00	13.22	15%	126.00	1.43	1%
<i>Net</i>	507.00	412.71	81%	509.74	437.59	86%
MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP	43.46	21.00	48%	0.00	0.00	
Ministry of Skill Development and Entrepreneurship	43.46	21.00	48%	0.00	0.00	
MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT	57.82	30.35	52%	47.74	27.98	59%
Ministry of Social Justice & Empowerment	57.82	30.35	52%	47.74	27.98	59%
DEPARTMENT OF DISABILITY AFFAIRS	71.54	40.75	57%	67.89	32.85	48%
Department of Disability Affairs	71.54	40.75	57%	67.89	32.85	48%
DEPARTMENT OF SPACE	1388.00	794.31	57%	1238.00	833.11	67%
Department of Space	1388.00	794.31	57%	1238.00	833.11	67%
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION	474.37	300.36	63%	445.88	242.42	54%
Ministry of Statistics and Programme Implementation	474.37	300.36	63%	445.88	242.42	54%
MINISTRY OF STEEL	67.95	11.26	17%	67.74	25.57	38%
Ministry of Steel						
<i>Gross</i>	73.13	11.26	15%	72.92	30.75	42%
<i>Less: Receipts</i>	5.18	0.00	0%	5.18	5.18	100%
<i>Net</i>	67.95	11.26	17%	67.74	25.57	38%
MINISTRY OF TEXTILES	751.48	410.95	55%	866.43	414.24	48%
Ministry of Textiles	751.48	410.95	55%	866.43	414.24	48%
MINISTRY OF TOURISM	89.87	38.40	43%	84.71	38.57	46%
Ministry of Tourism	89.87	38.40	43%	84.71	38.57	46%
MINISTRY OF TRIBAL AFFAIRS	27.02	12.41	46%	18.96	11.42	60%
Ministry of Tribal Affairs	27.02	12.41	46%	18.96	11.42	60%
U.Ts WITHOUT LEGISLATURE	4982.25	2951.73	59%	4402.01	2919.03	66%
Andaman & Nicobar Islands						
<i>Gross</i>	1660.38	904.55	54%	1513.38	922.66	61%
<i>Less : Recoveries</i>	119.00	46.97	39%	168.57	26.47	16%
<i>Net</i>	1541.38	857.58	56%	1344.81	896.19	67%
Chandigarh						
<i>Gross</i>	2971.47	1631.97	55%	2730.25	1589.89	58%
<i>Less : Recoveries</i>	376.97	50.63	13%	432.94	66.38	15%
<i>Net</i>	2594.50	1581.34	61%	2297.31	1523.51	66%
Dadra & Nagar Haveli						
<i>Gross</i>	157.46	77.36	49%	141.92	70.34	50%

Annex continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Less : Recoveries</i>	15.90	3.20	20%	15.90	3.46	22%
<i>Net</i>	141.56	74.16	52%	126.02	66.88	53%
Daman & Diu						
<i>Gross</i>	1057.82	422.23	40%	982.12	494.97	50%
<i>Less : Recoveries</i>	902.60	402.57	45%	852.60	395.20	46%
<i>Net</i>	155.22	19.66	13%	129.52	99.77	77%
Lakshadweep						
<i>Gross</i>	644.38	431.24	67%	601.64	348.28	58%
<i>Less : Recoveries</i>	94.79	12.25	13%	97.29	15.60	16%
<i>Net</i>	549.59	418.99	76%	504.35	332.68	66%
MINISTRY OF URBAN DEVELOPMENT	3162.69	1647.55	52%	3025.06	1356.42	45%
Department of Urban Development						
<i>Gross</i>	1156.04	587.35	51%	1120.51	478.61	43%
<i>Less : Recoveries</i>	0.04	0.01	25%	0.04	0.00	0%
<i>Net</i>	1156.00	587.34	51%	1120.47	478.61	43%
Public Works						
<i>Gross</i>	1964.86	1034.21	53%	1871.71	834.40	45%
<i>Less : Recoveries</i>	15.86	1.83	12%	46.25	1.82	4%
<i>Net</i>	1949.00	1032.38	53%	1825.46	832.58	46%
Stationery and Printing						
<i>Gross</i>	257.69	121.73	47%	279.13	136.28	49%
<i>Less : Recoveries</i>	200.00	93.90	47%	200.00	91.05	46%
<i>Net</i>	57.69	27.83	48%	79.13	45.23	57%
MINISTRY OF WATER RESOURCES, RIVER DEVELOPMENT AND GANGA REJUVENATION	625.43	324.59	52%	599.64	315.86	53%
Ministry of Water Resources, River Development and Ganga Rejuvenation						
<i>Gross</i>	649.03	337.20	52%	613.74	327.07	53%
<i>Less : Recoveries</i>	23.60	12.61	53%	14.10	11.21	80%
<i>Net</i>	625.43	324.59	52%	599.64	315.86	53%
MINISTRY OF WOMEN AND CHILD DEVELOPMENT	95.67	48.12	50%	93.88	46.36	49%
Ministry of Women and Child Development	95.67	48.12	50%	93.88	46.36	49%
MINISTRY OF YOUTH AFFAIRS & SPORTS	151.65	89.67	59%	126.00	66.19	53%
Ministry of Youth Affairs and Sports	151.65	89.67	59%	126.00	66.19	53%
MINISTRY OF RAILWAYS						
Ministry of Railways						
<i>Gross</i>	188556.71	81424.10	43%	164955.40	76977.00	47%
<i>Less : Receipts</i>	188556.71	77477.16	41%	164955.40	70591.01	43%
<i>: Reserve fund</i>	0.00	3946.94		0.00	6385.99	
<i>Net</i>	0.00	0.00		0.00	0.00	
Exp. From Contingency Fund		180.86			194.78	
GRAND TOTAL	1312200.00	656728.73	50%	1219891.96	615764.00	50%

10. RESOURCES TRANSFERRED TO STATE & UT GOVERNMENTS

(₹ in crore)

DESCRIPTION	2015-2016			2014-2015		
	BE	ACTUALS upto 09/2015	%	BE	ACTUALS upto 09/2014	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 States' share of Taxes & Duties	523958	224551	43%	382216	165415	43%
2 Non-plan Grants & Loans	108630	52992	49%	70019	24324	35%
Grants	108551	52956	49%	69936	24288	35%
Loans	79	36	46%	83	36	43%
Ways and Means Advances (Net)		0			0	
3 Central Assistance for State & UT Plans	195778	114679	59%	329712	140301	43%
Grants	183278	107740	59%	317712	133652	42%
Loans	12500	6939	56%	12000	6649	55%
4 Assistance for Central & Centrally sponsored Schemes	23869	3440	14%	5851	6915	118%
Grants	23869	3440	14%	5851	6915	118%
5 Total Grants & Loans (2+3+4)	328277	171110	52%	405582	171540	42%
Grants	315698	164136	52%	393499	164855	42%
Loans	12579	6974	55%	12083	6685	55%
6 <u>Less</u> : Recovery of Loans & Advances	9272	4667	50%	8832	4348	49%
7 Net Resources transferred to State & UT Governments (1+5-6)	842963	390994	46%	778966	332607	43%
(i) Of Which State Govts.	839317	389747	46%	774799	331054	43%
(ii) Of Which UT. Govts.	3646	1247	34%	4167	1553	37%

Annex continued

11. DEPARTMENTAL COMMERCIAL UNDERTAKINGS

(₹ in crore)

DESCRIPTION	BE	2015-2016		BE	2014-2015	
		ACTUALS upto 09/2015	%		ACTUALS upto 09/2014	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Services						
Expenditure	14799.62	4088.23	28%	11250.00	5110.15	45%
Receipt	14924.62	4734.77	32%	11375.00	5335.35	47%
Net	-125.00	-646.54	517%	-125.00	-225.20	180%
1 Canteen Stores Department						
Expenditure	14799.62	4088.23	28%	11250.00	5110.15	45%
Receipts	14924.62	4734.77	32%	11375.00	5335.35	47%
Net	-125.00	-646.54	517%	-125.00	-225.20	180%
Economic Services						
Expenditure	24001.69	11514.27	48%	22256.08	11256.98	51%
Receipts	18067.28	4116.79	23%	16068.32	4468.28	28%
Net	5934.41	7397.48	125%	6187.76	6788.70	110%
2 Delhi Milk Scheme						
Expenditure	550.73	183.15	33%	480.01	216.47	45%
Receipts	550.73	203.20	37%	480.01	181.89	38%
Net	0.00	-20.05		0.00	34.58	
3 Opium and Alkaloid Factories						
Expenditure	284.82	128.91	45%	223.64	90.96	41%
Receipts	400.43	134.77	34%	338.97	105.92	31%
Net	-115.61	-5.86	5%	-115.33	-14.96	13%
4 Badarpur Thermal Power Station						
Expenditure	1.00	0.00	0%	1.00	0.00	0%
Receipts	208.57	0.00	0%	224.60	0.00	0%
Net	-207.57	0.00	0%	-223.60	0.00	0%
5 Fuel Fabrication Facilities						
Expenditure	1436.61	716.09	50%	1276.13	791.84	62%
Receipts	2593.03	641.91	25%	2264.94	802.44	35%
Net	-1156.42	74.18	-6%	-988.81	-10.60	1%
6 Fuel Inventory						
Expenditure	2814.65	893.30	32%	2884.72	1048.94	36%
Receipts	2027.65	729.27	36%	2237.90	925.67	41%
Net	787.00	164.03	21%	646.82	123.27	19%
7 Lighthouses & Lightships						
Expenditure	211.92	125.40	59%	200.92	57.11	28%
Receipts	250.00	130.95	52%	240.00	82.07	34%
Net	-38.08	-5.55	15%	-39.08	-24.96	64%
8 Postal Services						
Expenditure	18701.96	9467.42	51%	17189.66	9051.66	53%
Receipts	12036.87	2276.69	19%	10281.90	2370.29	23%
Net	6665.09	7190.73	108%	6907.76	6681.37	97%
Total Expenditure	38801.31	15602.50	40%	33506.08	16367.13	49%
Total Receipts	32991.90	8851.56	27%	27443.32	9803.62	36%