

## **PREFACE**

In pursuance to the decision taken by the Department of Expenditure O.M. No.2(1)Pers/E.Coord/OB/2005 dated 30th December, 2005, all Ministries/Departments shall prepare their Performance Budget. Accordingly, Ministry of Finance is presenting its First "Performance Budget 2005-06". It shows the achievements highlighting the performance of Schemes/ Programmes upto the third quarter of 2005-06 (i.e. upto 31st December, 2005).

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## CHAPTER- I

### INTRODUCTION

**1.1** Finance is a pivot for administration and development of any institution including the State. The mandate for the Ministry of Finance is economic and financial governance of the Union of India, as a whole, through raising and mobilization of resources for achieving its objectives by taxation, loans, external assistance and other means commensurate with the policy of the Union, regulation of the expenditure of the Central Govt., transfer of resources to the constituent States/UTs; evolving principles and policy guidelines for the various administrative/ nodal ministries responsible for implementation of various Plan/and non-Plan, developmental, infrastructural and social projects in the formulation of their Demands and delegation of powers for effective implementation. The Ministry of Finance also prepares and presents the annual budget of the Union of India (excluding Railway Budget).

**1.2** The objectives and the tasks are accomplished through its following Departments:-

- Department of Economic Affairs;
- Department of Expenditure;
- Department of Revenue;
- Department of Disinvestment.

### **2. DEPARTMENT OF ECONOMIC AFFAIRS**

**2.1** Department of Economic Affairs is one of the four Departments of the Ministry of Finance which has advisory, administrative, regulatory and other substantive functions to perform in governing the finances of the State. It co-ordinates, prepares and presents the **Annual Budget** of the Union of India(except Railway Budget) and also of any State/UT in special circumstances; manages contingency fund of India, monitors budgetary position of the Central Govt., provides resources for the Five Year and Annual Plans. Economic Affairs formulates credit, fiscal and monetary policy and tenders economic advice on all matters having a bearing on internal and external aspects of the economic management, including exchange rates and prices; domestic and NRI investments, matters concerning gold and silver, etc. On the administrative front, the Department monitors foreign travel of Ministers & officials, controls the cadre of Indian Economic Service Officers, manages the overall policies relating to the functioning of the Currency, Coins and Stamps production, regulates Insurance and Banking Industry, savings organizations and provident fund investment patterns.

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**2.2** The work of the Department has been organized in Division/Sub divisions, which are headed by Additional Secretaries or Joint Secretaries. The Divisions and their responsibilities are as under:-

**2.2.1 Asian Development Bank and Currency & Coinage and Stamps: –**

- All matters relating to Asian Development Bank and ADB financed projects;
- All policy matters relating to production and supply of currency notes and coins in India, apart from administration of GOI Mints and Security Presses.

**2.2.2 Aid, Accounts & Audit (CAA&A) :**

- Disbursement of loans and grants from multilateral/ bilateral donor agencies, debt servicing of loans to multilateral/ bilateral donors, accounting of external assistance, export promotion audit and supply of management information to credit Divisions.

**2.2.3 Bilateral Cooperation (BC) :**

- This Division is primarily responsible for processing of Official Development Assistance from European Economic Community and other European countries (other than CIS).

**2.2.4 Budget Division :**

- Preparation of Union Budget and other allied issues like market borrowings, accounting and auditing procedures and financial relationship with the State Governments. This Division also deals with mobilization of small savings through the National Savings Organisation (NSO).

**2.2.5 Capital Market :**

- Administration of Rules and regulations under SEBI and matters relating to JPC & UTI, Mutual Funds, Capital Market and Right to information Act, 2005;
- Responsible for the administration of Securities Contracts (Regulation) Act, 1956 and 1957 and the Rules framed there under, thus guiding and supervising the activities of the recognized stock exchanges in the Country;
- Policy and offers of individual loans regarding External Commercial Borrowing. Besides, it undertakes collection, compilation and analysis of data on imports under Suppliers' as well as Commercial Credit both in Public/ Private Sector. A separate cell called External Debt Management Unit has recently been set up to monitor Debt related data. Liability management in respect of Foreign Currency Loan approved are also dealt with in this Section;
- Administration of Foreign Exchange Management Act, 1999 (42 of 1999) other than enforcement.

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### **2.2.6 Fund Bank & Administration (FB&A) :**

- Matters relating to International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Global Environment Facility (GEF) and Multilateral Investment Guarantee Agency (MIGA);
- All administrative and establishment matters, including protocol and implementation of Official Language Policy fall within the domain of Department of Economic Affairs;
- Official Development Assistance from Japan, Australia, Korea and New Zealand;
- Monitoring of the progress of implementation of the Externally Aided Projects (EAPs) together with release of Additional Central Assistance (ACA) to the States.

### **2.2.7 Integrated Finance :**

- Responsible for tendering of financial advice on all matters involving expenditure of the Department of Economic Affairs and also for preparation of appropriation accounts relating to the grants and appropriations controlled by DEA.

### **2.2.8 Foreign Trade (FT) :**

- Formulation of policy for Indian Direct Investment Abroad for setting up joint ventures and wholly owned subsidiaries, matters relating to promotion of Indian investments abroad and negotiating and concluding Bilateral Investment Promotion & Protection Agreement (BIPA) with other countries;
- Training of officers from Colombo Plan member countries in India under the Technical Cooperation Scheme of Colombo Plan in India;
- Government of India's annual contribution to Colombo Plan Council and Colombo Plan Staff College, Manila, Colombo Plan matters, Reimbursement of expenditure incurred by various institutes for imparting training under the TCS of Colombo, Deputation of Indian lecturers at Sherubtse College, Bhutan, and matters relating to bilateral relations with Russia and CIS countries;
- Matters relating to 'Indian Development and Economic Assistance Scheme (IDEAS), whose main components are:
  - i) Writing off past debts of HIPC countries;
  - ii) Provide concessional Lines of Credit through Lending Agencies;
  - iii) Working with other Donors, Governments and Multilateral Funding Institutions (MFIs);
  - iv) Creation of Regional & Country Strategies;
  - v) Providing assistance for Project preparation;

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vi) Technical Assistance; and

vii) Special Thrust Areas.

- Government of India lines of credit (Government to Government) to countries of Asia (excluding Bangladesh, Nepal and Bhutan), Africa, CIS region, and Latin American region;
- Conclusion of credit agreements;
- Approval of contracts signed under the credit agreements; Processing of claims received from exporters operating under the GOI lines of credit, for reimbursement;
- India shining campaigns;
- The African Capacity Building Foundation (ACBF);
- African Development Bank (AfDB) Group Foreign Investment Policy, FIPB matters related to DEA, Foreign Investment in the Financial Service Sector, Opening of Liaison Office/Branch Offices of Foreign Companies from China and Defence related Organizations under FEMA Regulations;
- Financial services under WTO /GATS, Regional trade agreements with other countries/regions, Economic cooperation agreement and comprehensive economic and partnership agreement with other countries;
- TERC and misc. matters related to WTO;
- Scrutiny of **FIPB proposals**, getting approvals of **CCEA**, where needed, holding of FIPB meetings and all related matters.

### 2.2.9 Economic Division :

- It tenders economic advice to the Government on important policy issues relating to macro management of the economy.

### 2.2.10 Banking & Insurance Division :

- Administering Government policies having a bearing on the working of banks and the term lending Financial Institutions;
- Formulation of policy for the orderly growth of the Insurance Sector;
- Administration of the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and General Insurance Business (Nationalisation) Act. 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts;
- Monitoring of the performance of the Nationalised insurance companies, framing of rules and regulations in respect of service conditions of employees of the various organizations under its purview.

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### **3. DEPARTMENT OF EXPENDITURE**

#### **3.1 Functions :**

- Overseeing the public financial management system in the Central Government and matters connected with State finances;
- Pre-sanction appraisal of all major schemes/projects (both Plan and non-Plan expenditure);
- Handling bulk of the Central budgetary resources transferred to States;
- Implementation of the recommendations of the Finance Commission;
- Overseeing the expenditure management in the Central Ministries/Departments through the interface with the Financial Advisors, the Financial Rules, Regulations & Orders and monitoring of Audit comments/observations;
- Preparation of Central Government Accounts; manage the financial aspects of personnel management in the Central Government; assisting Central Ministries/Departments in controlling the costs & prices of public services and organizational re-engineering; and reviewing systems and procedures to optimize outputs and outcomes of public expenditure;
- Co-ordination of matters concerning the Ministry of Finance including Parliament related work of the Ministry. The Department has under its administrative control the National Institute of Financial Management (NIFM), an autonomous body.

#### **3.2 Agenda for the Department :**

- Thrust Areas set for the Department of Expenditure by the Prime Minister, including 5-planks of institutional reforms, viz., Decentralization, Simplification, Transparency, Accountability and e-governance;
- Initiatives on Expenditure Management announced by the Finance Minister's Fiscal Policy Strategy Statement (FPSS) prepared under the Fiscal Responsibility and Budget Management Act in Budget 2005-06;
- The recommendations of the 12th Finance Commission concerning fiscal reforms. D/o Expenditure aimed to tighten financial discipline on the one hand while expediting financial decision making on the other.

### **4. DEPARTMENT OF REVENUE**

#### **4.1 Organisation & Functions :**

- 4.1.1** Exercises control in respect of matters relating to all the Direct and Indirect Union Taxes through two statutory Boards namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC).

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**4.1.2** Matters relating to the levy and collection of all Direct Taxes are looked after by the CBDT whereas those relating to levy and collection of Customs and Central Excise duties and other Indirect taxes fall within the purview of the CBEC. The two Boards were constituted under the Central Board of Revenue Act, 1963. At present, the CBDT has six Members and the CBEC has five Members.

**4.1.3** The Department of Revenue administers the following Acts: -

1. Income Tax Act, 1961;
2. Wealth Tax Act, 1958;
3. Expenditure Tax Act, 1987;\*
4. Benami Transactions (Prohibition) Act, 1988;
5. Super Profits Act, 1963;\*
6. Companies (Profits) Sur-tax Act, 1964;\*
7. Compulsory Deposit (Income Tax Payers) Scheme Act, 1974;\*
8. Chapter VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax);
9. Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax);
10. Chapter V of Finance Act, 1994 (relating to Service Tax);
11. Central Excise Act, 1944 and related matters;
12. Customs Act, 1962 and related matters;
13. Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
14. Central Sales Tax Act, 1956;
15. Narcotic Drugs and Psychotropic Substances Act, 1985;
16. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;
17. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;
18. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);
19. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
20. Foreign Exchange Management Act, 1999; and
21. Prevention of Money Laundering Act, 2002.

*\* The administration of this Acts is limited to the cases pertaining to the period when these laws were in force.*



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

- 1 Commissionerates/Directorates under Central Board of Excise and Customs;
- 2 Commissionerates/Directorates under Central Board of Direct Taxes;
- 3 Central Economic Intelligence Bureau;
- 4 Directorate of Enforcement;
- 5 Central Bureau of Narcotics;
- 6 Chief Controller of Factories;
- 7 Appellate Tribunal for Forfeited Property;
- 8 Income Tax Settlement Commission;
- 9 Customs and Central Excise Settlement Commission;
- 10 Customs, Excise and Service Tax Appellate Tribunal;
- 11 Authority for Advance Rulings for Income Tax;
- 12 Authority for Advance Rulings for Customs and Central Excise;
- 13 National Committee for Promotion of Social and Economic Welfare;
- 14 Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985; and
- 15 Financial Intelligence Unit, India (FIU-IND).

**4.1.5 Functions of the various divisions :**

■ **Administration Division :**

All administrative matters of Department of Revenue. Maintenance of CR Dossiers of the staff and officers of the Secretariat proper of the Department IRS (Group-A), IRS (Customs & Central Excise) (Group-A). Coordination work and work relating to translation of languages and implementation of Hindi.

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### ■ Sales Tax Wing:

Administration of sales tax laws (Validation) Act, 1956, Central Sales Tax, State-level Value Added Tax (VAT), Indian Stamp Act, 1989 etc.

### ■ Narcotics Control Division:

Framing of licencing policy for cultivation of Opium poppy, production of opium and export and pricing of opium, IMO Cake and IMO powder. Coordination of the working of Committee of Management and issues relating of UN and International Organisations.

### ■ Committee of Management:

Administering the departmental undertakings viz. Govt. Opium and Alkaloid work Neemuch (M.P.) and Ghazipur which are engaged in processing of raw opium for export purposes and also for extraction of alkaloids from opium, which are used by the Pharmaceutical industry.

### ■ Revision Application Unit:

Work relating to revision applications filed against the orders of Commissioners of Customs (Appeals) and Commissioners of Central Excise (Appeals) and the cases filed before 11.10.1982 against CBEC.

### ■ Integrated Finance Unit:

Tendering advice in all financial matters pertaining to Department of Revenue and the field formations under CBDT & CBEC. Deals with expenditure and financial proposals. Prepares expenditure budget for grants relating to Department of Revenue, Direct Taxes & Indirect Taxes.

### ■ Central Board of Excise and Customs:

All matters relating to levy and collection of indirect taxes.

### ■ Central Board of Direct Taxes:

All matters relating to levy and collection of direct taxes.

### ■ Competent Authority Cell:

Administration of Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 and issues relating to Competent Authorities and Appellate Tribunal for Forfeited Property.

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- **Competent Authorities:**

Work relating to forfeiture of property under Smugglers and Foreign Exchange Manipulators (Forfeiture of property) Act, 1976 and Chapter V A of Narcotics Drugs and Psychotropic Substances Act, 1985.

- **Appellate Tribunal For Forfeited Property:**

Adjudication of appeals filed by persons against orders of forfeiture of properties passed by Competent Authorities under the SAFEM (FOP) Act, 1976 and Chapter V A of NDPS Act, 1985.

- **Customs, Excise, Service Tax Appellate Tribunal:**

Hearing appeals against the orders of Executive Commissioners and Commissioners (Appeals).

- **National Committee For Promotion of Social and Economic Welfare:**

Recommending projects of social and economic welfare to the Central Government for issuance of notification under section 35 AC of the Income Tax Act, 1961.

- **Authority for Advance Rulings:**

Giving advance rulings on a question of law or fact specified in an application filed by Non-Residents in relation to transaction, which has been undertaken or proposed to be undertaken by the applicant.

- **Customs and Central Excise Settlement Commission:**

Settlement of applications filed by the assesseees under the Customs Act and Central Excise Act.

- **Settlement Commission (IT/WT):**

Settlement of applications filed by the assesseees under the Income Tax Act, 1961 and the Wealth Tax Act, 1957.

- **Central Economic Intelligence Bureau:**

Coordinating and strengthening of the intelligence gathering activities, the investigative efforts and enforcement action by various agencies concerned with investigation into economic offences and enforcement of economic laws.

- **Enforcement Directorate:**

Responsible for enforcement of the provisions of Foreign Exchange Regulation Act. Recommending cases for detention under the

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Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. Under Foreign Exchange Management Act, 1999, the Enforcement Directorate is mandated primarily as the investigation and adjudicating agency.

■ **Financial Intelligence Unit:**

To coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.

### **5. DIRECT TAXES**

#### **5.1 Organisation and functions :**

**5.1.1** The Central Board of Direct Taxes is the apex body in the Direct Taxes set up. It employs a workforce of 59,729 officers and staff, of which approximately 16.89% are Gazetted officers in Groups 'A' and 'B' categories and the remaining are non-Gazetted employees in Groups 'C' and 'D' categories.

**5.1.2** The Board has the following attached Offices in Delhi:

1. Directorate of Income Tax (RSP&PR)
2. Directorate of Income Tax (Recovery)
3. Directorate of Income Tax (Audit)
4. Directorate of Income Tax (Income Tax)
5. Directorate of Income Tax (O&MS)
6. Directorate of Income Tax (Systems)
7. Directorate of Income Tax (Investigation)
8. Directorate of Income Tax (Vigilance)
9. Directorate of Income Tax (Exemption)
10. Directorate of Income Tax (Legal & Research)
11. Directorates of Income Tax (International Taxation)
12. Directorate of Income Tax (Infrastructure)

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**5.1.3** Various Chief Commissioners of Income Tax, stationed all over the country, are in-charge of assessment and collection of direct taxes at regional levels. Directors General of Income Tax (Investigation) are overall in-charge of the investigation machinery at regional level, with the aim to curb tax evasion and unearthing of unaccounted money. Chief Commissioners of Income Tax / Directors General of Income Tax are assisted by Commissioners of Income Tax / Directors of Income Tax within their jurisdictions. There is also first appellate machinery comprising Commissioners of Income Tax (Appeals), who perform the task of disposal of appeals against the orders of assessing officers.

## **6. INDIRECT TAXES**

### **6.1 Organisation and Functions :**

**6.1.1** The Central Board of Excise and Customs is the apex body in the Indirect Taxes set up. The Board discharge its various functions through its field organizations which includes 23 Chief Commissioners Zone for Central Excise and Service Tax, 11 Chief Commissioners Zones for Customs, 11 Directorates General, 7 Directorates, a Chief Departmental Representative's setup for Customs, Excise and Service Tax Appellate Tribunal, a Settlement Commission for Customs and Central Excise and an Authority for Advance Ruling. The Chief Commissioners are assisted by Commissioners and DGs by ADGs, Directors etc. The Principal Chief Controller of Accounts, CBEC with the assistance of the local Pay and Accounts Offices is responsible for accounting the revenue collections as well as expenditure incurred by the Department. There are 158 controlling authorities in the Department.

## **7. DEPARTMENT OF DISINVESTMENT**

### **7.1 Functions :**

- All matters relating to disinvestment of Central Government equity from Central Public Sector Undertakings;
- Decisions on the recommendations of Disinvestment Commission on the modalities of disinvestment, including restructuring;
- Implementation of disinvestment decisions, including appointment of Advisors, pricing of shares, and other terms and conditions of disinvestment;
- Disinvestment Commission;
- Financial policy in regard to the utilization of the proceeds of disinvestment credited to the National Investment Fund.

**7.2** The National Common Minimum Programme adopted by the Government outlines the policy of the Government with respect to the Public Sector, including disinvestment of Government's equity in Central Public Sector Enterprises (CPSEs). At present, the emphasis is to list, large, profitable CPSEs on domestic stock exchanges and to selectively sell small portions of equity in listed, profitable CPSEs (other than the navratnas).

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## **CHAPTER II**

### **FINANCIAL REVIEW-ANALYSIS OF OVERALL TRENDS IN EXPENDITURE VIS-À-VIS BUDGET ESTIMATES/REVISED ESTIMATES**

The Ministry of Finance administers 14 Grants as below:-

- 1 Grant No. 32 - Department of Economic Affairs
2. Grant No. 33 - Currency Coinage and Stamps
3. Grant No. 34 - Payment to Financial Institutions
4. Grant No. 35 - Appropriation-Interest Payments \*
5. Grant No. 36 - Transfer to States and Union Territory Governments \*
6. Grant No. 37 - Loans to Government Servants etc. \*
7. Grant No. 38 - Appropriation- Repayment of Debt \*
8. Grant No. 39 - Department of Expenditure
9. Grant No. 40 - Pensions \*
10. Grant No. 41 - Indian Audit and Accounts Department \*
11. Grant No. 42 - Department of Revenue
12. Grant No. 43 - Direct Taxes
13. Grant No. 44 - Indirect Taxes; and
14. Grant No. 45 - Department of Disinvestment

\* These grants are exempted from the purview of Outcome Budgeting and hence the details of major headwise expenditure are not depicted.-

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### Financial review-Analysis of Overall Trends in Expenditure vis-à-vis Budget Estimates/Revised Estimates

#### 1. GRANT NO. 32 – DEPARTMENT OF ECONOMIC AFFAIRS

##### 1.1 Budget Provision (Gross) :

*(Rs. in crore)*

	BE 2005-06	RE 2005-06	Expenditure upto December 2005	%age expenditure w.r.t. RE 2005-06
<b>Plan</b>	2926.62	1472.81	950.00	64.50
<b>Non-Plan</b>	2481.91	2591.68	705.16	27.20
<b>Total</b>	<b>5408.53</b>	<b>4064.49</b>	<b>1655.16</b>	<b>40.72</b>

- 1.2** In this Grant, the total gross Plan provision at BE 2005-06 is Rs.2926.62 crore which has been reduced to Rs.1472.81 crore at RE 2005-06. The total gross Non-Plan provision at BE 2005-06 is Rs.2481.91 crore which has been increased to Rs.2591.68 crore at RE 2005-06.

##### 1.3 Plan

- 1.3.1** Out of the gross Plan provision of Rs.2926.62 crore in this Grant Rs.1421.62 crore is for the transfer of receipts against cess levied @ Re.1 per liter on petrol and diesel to the Central Road Fund (CRF) in the Public Account. This contribution is meant to finance construction of Railway over bridges and Railway Safety Works at un-manned railway crossings. This expenditure is to be redeemed from the CRF. Remaining Rs.1500 crore is the lumpsum provision for Assistance for Infrastructure Development under Other General Economic Services, Rs.5 crore is for Grant-in-aid under Umbrella Support Project for Country Co-operation under Major Head 2075 – Miscellaneous General Services under UNDP Project.

##### 1.4 Non-Plan

- 1.4.1** The Non-Plan provision includes Rs.1476.00 crore as Subsidy to Railways towards dividend relief and other concessions, payable to



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Railways from General Revenues. This Grant also includes provision for Technical and Economic Co-operation with other countries (Rs.138.11 crore) out of which Rs.100 crore is kept for Co-operation with other countries, Development Assistance. Provision of Rs.255 crore is for Loans and Advances to Foreign Governments. The establishment related expenses of the Secretariat, National Savings Institute, AAIFR, BIFR, DRTs etc. add upto Rs.237.40 crore.

### 1.5 EXPENDITURE TREND:

- 1.5.1** The expenditure trend of the Grant as a whole indicates that against the total budget provision at RE 2005-06 of Rs.4064.49 crore, the total expenditure upto December 2005 is Rs.1655.16 crore which comes to about 40.72% of the RE 2005-06 provision.
- 1.5.2** Detailed analysis of head-wise expenditure indicates that as against the total provision of Rs.1476 crore under Subsidies to Railways, 'NIL' expenditure has been incurred upto December 2005. This expenditure is generally adjusted at the end of the financial year. Similarly, against the total budget provision of Rs.1500 crore which was reduced to Rs.49.19 crore at RE 2005-06 stage for Assistance for Infrastructure Development, the expenditure upto December 2005 is 'NIL'. No expenditure is likely to be incurred in this fiscal year.

### 2. GRANT NO. 33 - CURRENCY, COINAGE & STAMPS

- 2.1** The net expenditure against the net BE 2005-06 of **Rs.105.60 crore** is **Rs.-134.70 crore** on account of excess receipt under Revenue Section. The overall expenditure trend under different object heads up to December, 2005 vary between **50% - 70%**, which is satisfactory. The capital budget for the grant of Rs.304.44 crore has been pruned down in RE 2005-06 to Rs.69.89 crore keeping in view the trend of expenditure and also for the reason that the Mints and Security Printing Presses and Security Paper Mill have been corporatised with effect from 10th February, 2006. The new Corporate Body christened as Security Printing and Minting Corporation of India Ltd (SPMCIL) has come in to existence.

### 3. GRANT NO. 34 - PAYMENTS TO FINANCIAL INSTITUTIONS

#### 3.1 Plan and Non-Plan:

The Gross Budget Provisions under Plan and Non-Plan in this Grant at Rs.4090.50 crore has been increased to Rs.6402.43 crore in RE 2005-06. The main allocations are as below:-

- i) Payment of pending claims of IDBI in respect of Stressed Assets Stabilization Fund (SASF) (Rs.1000.00 crore)

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- ii) Transfer to Guarantee Redemption Fund (Rs.125.00 crore)
- iii) Pension Plan for Senior Citizen (Rs.269.19 crore)
- iv) Grant to IFCI (Rs.300.00 crore)
- v) Grant to IDBI (Rs.815.48 crore)
- vi) Grant for Assistance to UTI (Rs.190.00 crore)
- vii) Grants for Strengthening Co-operative Credit Structure (Rs.400.00 crore)
- viii) Equity support to Export-Import Bank of India (Rs.100 crore)
- ix) Payment of Interest Subsidy to Farmers (Rs.1700 crore)
- x) Payment of subscription to IMF (Rs.237.88 crore).

### 3.2 Expenditure Trend:

- \* The Expenditure trend of the Grant as a whole indicates that against the total BE of Rs.3732.36 crore, the expenditure up to December, 2005 is Rs.1639.76 crore, which comes to 43.93% of the total provision.
- \* Detailed analysis of head-wise expenditure indicates that as against the total provision of Rs.2668.00 crore under 'Grants-in-aid' to various financial institutions, an expenditure of Rs.726.00 crore only (approx. 27%) has been incurred. Similarly, as against the budget provision of Rs.269.20 crore under 'subsidies' (interest subsidy to LIC, for Pension Plan for Senior Citizens) the expenditure up to December, 2005 is Nil. On the contrary, an expenditure of Rs.1137.00 crore (115%) has been incurred under 'Investments' as against the provision of Rs.988.00 crore.

## 4. GRANT NO.39 -DEPARTMENT OF EXPENDITURE

- 4.1** Two Object Heads viz. 'Salaries' and 'Office Expenses' account for a major portion of the total expenditure under this grant constituting 60% and 22% of the total respectively. The overall increase in expenditure is 2.39% in 2004-05 over the expenditure in 2003-04; the overall expenditure is estimated to increase by 1.21% in 2005-06 over the expenditure in 2004-05. The increase in the expenditure under the grant is mainly on account of increase under the head 'Salaries' where the corresponding increase is 6.74% and 4.15% in 2004-05 and 2005-06 respectively. The progress in expenditure up to December, 2005 w.r.t. RE 2005-06 is 66.12% which is satisfactory.

**5. GRANT NO.42-DEPARTMENT OF REVENUE**

- 5.1** The total Budget Estimate for the year 2005-06 was Rs.5379.26 crore. Out of which Rs.5374.21 crore was towards Revenue expenditure and Rs.5.05 crore was towards Capital expenditure. Keeping into consideration the trend of expenditure upto September, 2005 Revised Estimates for the current financial year has been pegged at Rs.2832 crore (Revenue: 2830.54 crore and Capital: Rs.1.46 crore).
- 5.2** Under Major Head 2052 in 2004-05, the expenditure of Rs 52.83 crores is Rs 15.14 crores more than the previous year mainly due to expenditure related with introduction of VAT Scheme i.e. towards VAT computerization of North Eastern States and setting up of Tax Information Exchange System(TINXSYS). This year the provision is more i.e. Rs 71.44 cores (RE) again due to VAT computerization, TINXSYS, National level publicity of implementation of VAT and grant to the Empowered Committee of State Finance Ministers. For newly set up Financial Intelligence Unit-India (FIU-IND) also the Provision of Rs.3.51crores has been made in RE 2005-06.
- 5.3** Under Major Head 3601/3602 a provision of Rs.5000 crores was made in BE 2005-06 for compensation to States/UTs for revenue loss on account of introduction of VAT. The VAT is being implemented in 25 States/UTs. After taking into consideration the trend of claims being received from the States/UTs, it has been decided to reduce the provision to Rs.2500 crores in RE 2005-06. As on 28th February, 2006, Rs.1512.36 crores has been released to States and proposals amounting to Rs 812.68 crores are in pipeline.

**6. GRANT NO. 43-DIRECT TAXES**

- 6.1** During 2004-05, a total expenditure of Rs.1175.30 crore was incurred which is 10.20% more than the expenditure of Rs.1066.44 crore incurred in 2003-04. In Revenue Section, the increase is 8.36% which is mainly due to enhancement of pay and allowances and implementation of comprehensive computerization programme of Income Tax Department. Under Capital Section, there is increase of 130.22% in 2004-05 vis-a-vis expenditure of 2003-04. The increase is on account of incurring of more expenditure in purchase of ready built office.
- 6.2** In 2005-06, a total estimated expenditure of Rs.1230.04 crore is expected to be incurred which is 4.66% more than the expenditure of Rs.1175.30 crores incurred in 2004-05. In Revenue Section, the anticipated increase is 5.93% which is again mainly due to enhancement of pay & allowances and on implementation of comprehensive computerization programme of the Income Tax Department. In Capital Section,(gross) there is less provision of 34.23% as compared to last year.

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### **7. GRANT NO.44 - INDIRECT TAXES**

- 7.1** During 2004-05, total expenditure of Rs.1300.33 crore was 4.67% more than the expenditure of Rs.1242.37 crore incurred in 2003-04. In Revenue Section, the increase is 5.94% which is mainly due to enhancement of pay and allowances, more cases of reward sanctioned for employees and informers, clearance of pending bills under publication and publicity campaign about Service Tax.
- 7.2** Under Capital Section, there is decrease of 32.43% in 2004-05 vis-à-vis expenditure in 2003-04. This is because of non-finalisation of some of the proposals for purchase of ready built office/residential buildings which were anticipated to be completed during 2004-05.
- 7.3** In 2005-06, total estimated expenditure of Rs.1468.50 crore is 12.93% more than the expenditure of Rs.1300.33 crore incurred in 2004-05. In Revenue Section, the anticipated increase is 14.01% which is mainly due to enhancement of pay and allowances, more cases of reward sanctioned for employees and informers, publicity campaign about Service Tax, more expenditure on hired accommodation and computerization of the department.
- 7.4** In Capital Section, there is expected decrease of 36.12% in 2005-06 as compared to expenditure of 2004-05. This is because of non-finalisation of an office accommodation proposal and non-materialisation of purchase of marine vessels and container scanners during the year.

### **8 GRANT NO. 45 - DEPARTMENT OF DISINVESTMENT**

- 8.1** The overall expenditure was Rs. 44.34 crore in 2003-04, Rs. 28.99 crore in 2004-05 and is estimated at Rs. 6.14 crore in 2005-06. The substantial reduction in expenditure under the grant is on account of lesser number of cases taken up for disinvestment. It may be mentioned that a substantial portion of the grant is incurred on the Object Head – ‘Professional Services’ to make payment for services rendered by agencies hired in the disinvestment process. The expenditure under ‘Professional Services’ accounted for 95.08%, 94.34% in the year 2003-04 and 2004-05 respectively. The same is estimated to constitute 73.41% in the current financial year 2005-06.

## CHAPTER- III

### OVERALL PERFORMANCE

#### 1 DEPARTMENT OF ECONOMIC AFFAIRS

Department of Economic Affairs is one of the key Departments of the Ministry of Finance and is responsible primarily for economic advice on all matters which have a bearing on internal and external aspects of economic management including prices, credit, fiscal and monetary policy and preparation of central budget (excluding Railways). It also deals with all external and technical assistance received by India. The work of Department of Economic Affairs has been organized in 13 Divisions. Performance of some of the important divisions is discussed below:-

##### 1.1 BUDGET DIVISION

##### 1.1.1 NATIONAL SAVINGS :

Small Savings Schemes, viz Post Office Savings Account, Post Office Time Deposit Accounts (1,2,3 & 5 years), Post Office Recurring Deposit Accounts, Post Office Monthly Income Accounts, Senior Citizen Savings Scheme, National Savings Certificates (VIII Issue), Kissan Vikas Patras and Public Provident Fund have been framed under the Govt.Savings Bank Act, 1873, Govt. Savings Certificates Act, 1959 and Public Provident Fund Act, 1968 and are being administered by the Ministry of Finance through Department of Posts and both Public Sector and Private sector Banks. The transactions under these Schemes are managed through a fund created for this purpose in the Public Account of India namely, the National Small Savings Fund (NSSF), which is operative with effect from 1.4.1999.

##### 1.1.2 Important steps under these schemes during the year 2005-06 are as follows:

##### *(i) Restriction of Small Savings to individuals only :*

The Principal Acts under which small savings schemes of Government of India have been issued viz. the Government Savings Bank Act, 1873 and the Government Savings Certificate Act, 1959 have been amended through the Finance Act, 2005 so as to restrict investment in these schemes to individuals only. Consequently, the rules governing the small savings schemes including Public Provident Fund (PPF) have also been amended and the amendments notified on 13.5.2005. As a result, effective from 13.5.2005 small savings schemes are available for investment by individuals only. The amendments do not affect the small savings accounts/deposits opened prior to 13<sup>th</sup> May,

## PERFORMANCE BUDGET 2005-2006

2005 in accordance with the rules then in force. These accounts shall continue till maturity as per rules. However, extension of such accounts beyond maturity shall be subject to the amendments dated 13<sup>th</sup> May, 2005. In so far as Post Office Saving Bank accounts, which have specified maturity are concerned, the scheme has been amended to provide that no deposits shall be accepted in non-individual accounts with effect from 27<sup>th</sup> July, 2005 and that the outstanding balances in such accounts shall be refunded to the depositor by 31<sup>st</sup> December, 2005. It has been further provided that deposits in such non-individual savings accounts if not withdrawn, shall not earn any interest beyond 31<sup>st</sup> December, 2005.

### *(ii) Amendment to Post Office Monthly Income Account (POMIA) Scheme, 1987 :*

With a view to rationalising the rates of penalty for premature closure of the 6 year Post office Monthly Income account (POMIA) Scheme, 1987 and aligning the effective yield on the deposits with other comparable savings instruments, the POMIA Rules, 1987 has been amended and notified on 10<sup>th</sup> February 2006. As a result, the penalty on premature closure of a POMIA account, which at present is 3.5% of deposit on closure between one to three years from the date of opening of account, stands reduced to 2% on premature closure between one to three years and 1% on premature closure after 3 years with effect from 10<sup>th</sup> February, 2006.

### *(iii) Small Savings Collections :*

The gross small savings collections (excluding collections under the Deposit Scheme for Retiring Employees) during 2005-06 (upto December, 2005) were Rs.1,48,183 crore as against the collection of Rs.1,25,722 crore during the same period last year. The net collections (gross collections minus repayments to depositors) during the same period were Rs.62,040/- crore as against Rs.67,773 crores last year. The entire net collections are transferred to the State and Union Territory (with legislature) Governments as investment of the National Small Savings Fund in special securities issued by the State/U.T.Governments. An amount of Rs.72,473 crore has been transferred as share of net small savings collections to the States and Union Territories (with legislature) upto 31<sup>st</sup> January, 2006 during the current fiscal as against the sum of Rs.74,318/- crore transferred during the corresponding period last year.

## **1.2 FOREIGN TRADE DIVISION:**

- 1.2.1** The FT Division does not deal with any plan scheme. Under the non – plan head apart from the IDEAS scheme operated under MH 3605, Government to Government credit lines under MH 7605, and Technical cooperation scheme of Colombo Plan operated under the MH 3605, other sections do not deal with any scheme, where the physical achievements may be quantified. The achievements/ performances of this division are as follows:

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- (i) During the year 2005-06, up to December 2005, 13 rounds of negotiations were held in India/ abroad with foreign delegations for finalizing Bilateral Investment Promotion and Protection Agreements (BIPA). The countries are Mexico, Senegal, Canada, Bosnia & Herzegovina, Guyana, Saudi Arabia, Slovenia, Romania and Brunei. Besides multilateral negotiations for regional investment protection agreement within SAARC is also under negotiation. Agreements with Senegal, Libya and Saudi Arabia were processed and submitted for final approval of the Cabinet.
- (ii) The calendars for training of various institutes were finalized and nominations approved for the 410 slots available under Colombo Plan, besides processing the requests of the institutes for advance/reimbursement for the courses conducted by them. Out of the budget allocation of Rs.4.46 crore under MH 3605, 07 : Technical Aid to South and South East Asia under the Colombo Plan, Rs.4.0325 crore was utilized till 31st December, 2005.
- (iii) Under the **MH 7605- Advances to Foreign Governments, GOI** (Government to Government) lines of credit (LOC) were extended to foreign countries for export of capital goods, consumer durables and consultancy services from India. Under this system, the amounts of credit are disbursed to the Indian exporters operating under the particular LOC. Since this system of providing assistance to foreign countries has been discontinued from 2003-04, no fresh LOCs are being approved by this Department. However, disbursements are already going on in respect of some previous LOCs which are operational. Substantial disbursements were made against these LOCs, which are expressed as under:

(Rs. in Crore)

Name of the country	Amount of credit	Date of credit agreement	Amount Disbursed (approx. in Rupees) during 1.4.2005 – 24.1.2006	Outlays	
				BE 2005-06	RE 2005-06
Laos	US\$ 10 million	06.11.2002	26.38	21.00	31.00
Mauritius	US\$ 100 million (Closed at US\$ 30.5 million)	04.05.2001	15.89	32.00	32.00
Myanmar	US\$ 25 million	24.10.2003	19.38	37.00	27.00

**PERFORMANCE BUDGET 2005-2006**

Sri Lanka	i) US\$ 25 million	23.03.2004	34.40	140.00	70.00
	ii) US\$ 31 million	03.07.2002			
Cambodia	US\$ 10 million	06.11.2002	0.54	14.00	2.20
Suriname	US\$ 10 million	17.03.2003	7.39	11.00	11.00

(iv) Under the **MH 3605 : Development Assistance**, the newly launched Indian Development and Economic Assistance Scheme (IDEAS), is operated. During the first three quarters of 2005-06 i.e. between 1.4.2005 – 31.12.2005, following GOI supported Exim Bank of India LOCs have been approved by this Department:-

*(Amount in US \$ Million)*

Sl.No.	Borrower	Amount of LOC (US Dollars)	Purpose of credit
1	Govt. of Fiji	58 mn.	Revival and restructuring of sugar industry
2	Supplier's credit to IRCON/ RITES	28 mn.*	Railway re-habilitation project <b>Mozambique</b>
3	Govt. of Sri Lanka	100 mn.	Up-gradation of southern railway line of Sri Lanka
4	Govt. of Burkina Faso	30.97 mn.	Agricultural materials, Modernising post office and foreign exchange bureau.
5	Govt. of Chad	50 mn.	Bicycle Plant, Agricultural Plant, Steel Billet Plant & Rolling Mill and Cotton Yarn Plant
6	Govt. of Ghana	60 mn.	Rural electrification, construction of President's office
7	Govt. of Mali	27 mn.	Rural electrification, Agricultural machinery
8	Govt. of Equatorial Guinea	15 mn.	Potable drinking water project
9	Govt. of Senegal	48 mn.	Irrigation project, IT project, Mini integrated steel plant & Rolling mill
10	Govt. of Cote d' Ivoire	26.8 mn.	Renewal of urban transport system in Abidjan, Agricultural projects
11	Govt. of Mali and Govt. of Senegal (combined)	20.62 mn. (to Mali) and 7.08 mn.	Acquisition of railway coaches and locomotives from India



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		(to Senegal)	
12	Govt. of Myanmar	20 mn.	Renovation of Thanlyin Refinery.
13	Govt. of Honduras	30 mn.	Communication equipment, Medical equipment, Transport equipment.
14	Govt. of Niger	17 mn.	Procurement of buses and automobiles.
15	Govt. of Gambia	6.7 mn.	Assembly Plant for tractors.
16	Govt. of Cambodia	3.03 mn.	Supplementary LOC for completion of West Barray Irrigation Project in Siem Reap, Cambodia.
17	Supplier's credit to IRCON	130 mn.*	Execution of a Rail Road Rehabilitation project in Turkey
18	Govt. of Congo	33.5 mn.	Cement factory, acquisition of 500 buses, Rehabilitation of Kisenge Manganese, Acquiring equipment for MIBA.
19	Govt. of Guinea Bissau	25 mn.	Rehabilitation of electricity network in Guinea Bissau.
20	Govt. of Sudan/ NEC, Sudan	350 mn.	Setting up Power Plant by M/s, BHEL
21	Govt. of Sudan	41.9 mn.	Singa-Gedarif Transmission line and Sub-station project

**\* GOI guarantee is not involved.**

Under this head, the budget allocation was Rs.100 crore and RE is Rs.71.70 crore out of which Rs.29.59 crore has been utilized till 31st December, 2005.

After approval, Exim Bank of India takes further necessary action for operationalising the lines of credit.

**(v) Policy inputs on Foreign Direct Investment (FDI) particularly in Financial Services sector :**

- Provided the views of Department of Economic Affairs on 250 FDI proposals which came up for consideration of Foreign Investment Promotion Board (FIPB) during the period;
- Simplification of FDI approval procedure from time to time;
- Amendment to FEMA Regulation on transfer of securities by way of gift;
- Issues relating to investment by NRIs;

## PERFORMANCE BUDGET 2005-2006

- Co-ordination with Investment Commission;
  - Coordination with the Technical Monitoring Group (TMG) for revision of FC-GPR Form for FDI data; Revision of FC-GPR form in co-ordination with DIPP, Ministry of Commerce and Industry and RBI;
  - Inputs and Co-ordination on the Report of the Group of NRIs Chaired by Victor Menezes of CitiGroup submitted to PMO;
  - FDI Statistics;
  - Considered 100 applications for opening of Branch Offices/Liaison Offices of Foreign Companies, NGOs and NPOs;
  - Providing views of Department of Economic Affairs on Cabinet Notes on FDI of other Ministries;
  - Sectoral charge of Department of Industrial Policy and Promotion (DIPP), Ministry of Company Affairs, and Ministry of Overseas Indian Affairs;
  - Provided views of Department of Economic Affairs on 30 proposals of print media considered by the Ministry of Information and Broadcasting;
  - Providing views of Department of Economic Affairs to the Licensing Committee and Project Approval Board of DIPP for Royalty and Technical Collaboration;
  - Prepared Executive Folders for Finance Minister's participation in various international fora viz.- Investors' Meet in USA, Hong Kong Ministerial Meet, World Economic Forum, Davos; and
  - Parliament Questions and VIP References on FDI related matters.
- (vi) During the current financial year, till December 2005, 12 FIPB meetings were held in which 474 cases were considered. Out of these cases, 372 were approved, involving foreign investment inflow of approximately Rs.7398.402 crore. Major investments pertain to trading, industry, financial services, telecommunications, food processing industry, petroleum & natural gas and health sectors.
- (vii) During the current financial year, framework agreements were signed to conclude FTAs with ASEAN, Thailand, BIMST-EC and SAARC. JSGs have also been formed to examine the possibility of concluding Comprehensive Economic Agreements with China and Mauritius. CECA was concluded with Singapore in June, 2005. A Memorandum of Understanding between India and China at the level of Secretary/Vice-Minister was signed in April, 2005.
- (viii) Policy inputs were provided for Foreign Trade Policy. Inputs have been provided for the Foreign Trade Policy 2004-09.

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### 1.3 FUND BANK DIVISION

#### 1.3.1 International Bank for Reconstruction and Development (IBRD) :

- The total value of assistance extended by IBRD by way of loans to India has been US\$ 26.4 billion as on 31.03.2005. During the year 2005-06, new commitments of US\$ 1025 million were approved, making a total of US\$ 27.5 billion as on 28.2.2006. The sectors for which IBRD assistance has been provided are roads & highways, energy, urban infrastructure (including water & sanitation), and the financial services sector.

#### 1.3.2 International Development Association (IDA) :

- The total value of assistance extended by IDA by way of credits to India for which agreements were signed was US\$ 28.2 billion as on 31.03.2005. During the year 2005-06, new commitments of US\$ 645 million were approved, making a total of US\$ 28.9 billion as on 28.2.2006. The sectors for which IDA assistance is provided are health, education, agriculture, poverty reduction and post disaster reconstruction projects.
- Projects approved in the current Financial Year (as on 28.02.2006):

*(Amount in US\$ Million)*

PROJECT NAME	DATE OF APPROVAL	IBRD COMM AMOUNT	IDA COMM AMOUNT	TOTAL AMOUNT
Emergency Tsunami Reconstruction Project	03.05.2005	...	465.00	465.00
Maharashtra Water Sector Improvement Project	23.06.2005	325.00	...	325.00
3 <sup>rd</sup> Tamil Nadu Urban Development Project	05.07.2005	300.00	...	300.00
Tamil Nadu Empowerment and Poverty Reduction	12.07.2005	...	120.00	120.00
Himachal Pradesh Mid-Himalayan Watershed Development Project	13.12.2005	...	60.00	60.00
Power System Development	19.01.2006	400.00	...	400.00
<b>TOTAL</b>		<b>1025.00</b>	<b>645.00</b>	<b>1670.00</b>

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### 1.3.3 International Fund for Agriculture Development (IFAD) :

- The International Fund for Agriculture Development (IFAD) is a specialized agency of the United Nations and was established as an International Financial Institution in 1977. IFAD is dedicated to eradicating rural poverty in developing countries. India is a member in the Executive Board of IFAD.
- India is both a donor and recipient of IFAD. India has so far contributed US\$ 57 million to IFAD's resources. Recently, Government of India has committed to contribute US\$ 17 million towards the 7<sup>th</sup> Replenishment of IFAD Resources.
- IFAD has assisted in 19 projects in the Agriculture and Rural Development Sector with the commitment of US\$ 472.97 million. The following projects have been signed/approved during the current Financial Year (as on 28.02.2006) for IFAD assistance.

PROJECT NAME	DATE OF SIGNING/APPROVAL	AMOUNT (US\$ MILLION)
Post-Tsunami Livelihoods Programme for the Coastal Areas of Tamil Nadu	01.11.2005	15
TEJASWINI : Rural Women's Empowerment Programme for Maharashtra and Madhya Pradesh	13.12.2005	39.5

### 1.3.4 United Nations Development Programme (UNDP) :

- United Nations Development Programme (UNDP) is the largest source of Development Cooperation in the UN System. The overall mission of UNDP is sustainable human development through high priority to poverty alleviation, gender equity and women's empowerment and environmental protection. India's annual contribution to UNDP has been to the extent of US\$ 4.5 million;
- UNDP canalizes its development assistance through Five Year Country Cooperation Framework (CCF), synchronous with India's Five Year Plan. At present, the Country Co-operation Framework – II (CCF-II) is in operation in 4 thematic areas – (i) Promoting Human Development and Gender Equality (ii) Capacity Building for Decentralization (iii) Poverty Eradication and Sustainable Livelihoods (iv) Vulnerability Reduction and Environment Sustainability. 4 projects worth US\$ 3.30 million have been approved in 2005-06, under the CCF-II framework.

### 1.3.5 Global Environment Facility (GEF) :

- The Global Environment Facility (GEF) is a financial mechanism that provides grants funds to developing countries for projects and

## OVERALL PERFORMANCE

activities that aim to protect the global environment. GEF projects address six global environmental issues in the areas of Biodiversity, Climate change, International Waters, Land Degradation, the Ozone Layer and Persistent Organic Pollutants (POPs). India is both a donor and recipient of GEF. India has so far contributed US\$ 33 million to the GEF Resources. Recently, for the 4<sup>th</sup> replenishment US\$ 9 million has been pledged by India. So far, GEF funds of US\$ 247.342 million (approximately) have been committed/obtained for different projects of India since its inception in 1991. During 2005-06, 4 projects worth US\$ 22.8 million have been approved.

### 1.4 BILATERAL COOPERATION DIVISION

#### 1.4.1 JAPAN :

- Japan has been extending bilateral loan and grants assistance to India since 1958. Japan is the largest bilateral ODA partner of India. Indo-Japan bilateral development cooperation has experienced positive development in recent years. India was the largest recipient of Japanese ODA in 2003-04, wherein Japan committed ODA loans of Yen 125,004 million (Rs.5250 crores approximately) for development projects in India, which was 20% of Japanese global ODA commitments. It was 17.54% of all external assistance and 52% of all bilateral assistance received by India in 2003-04. In the year 2004-05, Govt. of Japan has committed Yen 134,466 million (Rs.5600 crore approximately) which is by far the largest ODA loan commitment of Govt. of Japan to India in a single financial year. This loan of approx. Rs.5600 crores is 24.7% of all external loan commitments (Rs.22668.46 crores) in FY 2004-05. This is 19.2% of Japanese global ODA commitments for FY 2004-05. The cumulative ODA loan disbursement till 31.1.2006 is Yen 1586.48 billion;
- Priority Sectors for ODA loan are infrastructure sector like Power, Road & Bridges, Water Supply and Sanitation, Urban Transport and Environment & Forest Sector and priority sectors for ODA grant are Medical care/health, water supply and rural/agricultural development and schools, roads, bridges, irrigation facilities and public transportation vehicles.

#### Disbursement during FY 2005-06 till 31.1.2006:

Loan	Grant
Yen 42.380 billion(Rs.1641.86 crs) (For 38 number of projects as per list at Table-1)	Yen 755.797 million(Rs.28.02 crs) (For 4 number of projects as per list at Table-2)

## PERFORMANCE BUDGET 2005-2006

### Commitments during FY 2005-06 till 3.3.2006 under Japanese grant and development study:

Date of approval/ signing of Exchange of Notes	Name of the Project	Amount Committed
4.8.2005	Project for Improvement of Sardar Vallabh Patel Post Graduate Institute of Paediatrics in the State of Orissa at Cuttack ( <b>Grant</b> )	JY 830 million
5.1.2006	Project for Development of Groundwater in the state of Uttar Pradesh ( <b>Grant</b> )	JY 603 million
31.10.2005	Raichak-Kukrahati Bridge over river Hugli including Approach Roads linking NH-41 and NH-117 ( <b>Development Study</b> )	Technical Assistance
4.1.2006	Dedicated multi-modal high axle load freight corridor with computerized train control system on Delhi-Mumbai and Delhi-Howrah routes ( <b>Development Study</b> )	Technical Assistance

**Total**

**JY 1433 million**

### Commitments during 2005-06 till 3.3.2006 under Japanese Loan:

Date of approval/ signing of Loan Agreement	Name of the Project	Amount Committed
Loan agreements are expected to be signed on 31.3.2006	Orissa Forest Sector Development Project Restoration and Management of Hussain Sagar Lake at Hyderabad Purulia Pumped Storage (Phase-III) Rural Electrification project of REC Solid Waste Management Project in Kolkata Metropolitan Area Bangalore Water Supply Project Phase-II DMRTS – Phase-II Bangalore Metro. Upgradation of Iron ore facility in Vishakhapatnam Port Swan River Flood Management and Integrated Land Development and Watershed Management Project	Formal Commitment in respect of these 10 projects is awaited.

## OVERALL PERFORMANCE

**TABLE -1 (Para 1.4.1)**

*(in Million Yen)*

S.No.	IDP Number and Name of the Project	Location	Loan Amount	Date of Signing/Closing
	<b>Ministry of Power</b>			
1	Northern India Trans. System Project	Centre	8497	25.2.1997/3.6.2006
2	Tuirial Hydro Electric Power Project	Mizoram	11695	25.2.1997/18.6.2009
3	Simhadri Thermal Power Project	Andhra Pradesh	19817	25.2.1997/24.6.2007
4	Simhadri Thermal Power Project-II	Andhra Pradesh	12194	30.3.2001/7.6.2008
5	Simhadri Thermal Power Project-III	Andhra Pradesh	27473	13.2.2002/26.3.2009
6	Simhadri & Vizag Transmission System Project-II	Andhra Pradesh	6400	10.5.2002/2.8.2009
7	West Bengal Transmission System Project-II	West Bengal	3127	10.5.2002/2.8.2009
8	Simhadri Thermal Power Project-IV	Andhra Pradesh	5684	31.3.2003/22.8.2009
9	Bakreswar Thermal Power Station Unit Ext Project	West Bengal	36771	31.3.2003/31.7.2009
10	Purulia Pumped Storage Project II	West Bengal	23578	31.3.2004/18.6.2009
11	Dhauliganga HE Power Plant Constn. Project-III	Uttranchal	13890	31.3.2004/12.7.2009
12	Umium Stage II Hydro Power Stn. Ren & Mod Proj.	Meghalaya	1964	31.3.2004/18.6.2012
13	North Karanpura Super Thermal Power Project	Centre	15916	31.3.2005/9.1.2011
	<b>Ministry of Environment and Forests</b>			
14	Punjab Afforestation Project (II)	Punjab	5054	31.3.2003/31.7.2009
15	Rajasthan Forestry and Biodiversity Project	Rajasthan	9054	31.3.2003/31.7.2010
16	Yamuna Action Plan Project (II)	Delhi, UP, Haryana	13333	31.3.2003/31.7.2010
17	Intg. Natural Resource Magt & Pov Red Project	Haryana	6280	31.3.2004/18.6.2014
18	Tamil Nadu Afforestation Project	Tamil Nadu	9818	31.3.2005/28.7.2015
19	Karnataka Sustainable Forest Mgt & Biodiversity Con Project	Karnataka	15209	31.3.2005/28.7.2015
20	Ganga Action Plan (Varanasi)	Uttar Pradesh	11184	31.3.2005/28.7.2015

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	<b>Ministry of Urban Development</b>			
21	Delhi Mass Rapid Transport System Project	Delhi	14760	25.2.1997/21.10.2007
22	Kerala Water Supply Project	Kerala	11997	25.2.1997/3.6.2006
23	Delhi Mass Rapid Transport System Project-II	Delhi	6732	30.3.2001/7.6.2008
24	Delhi Mass Rapid Transport System Project-III	Delhi	28659	13.2.2002/27.3.2009
25	Delhi Mass Rapid Transport System Project-IV	Delhi	34012	31.3.2003/31.7.2009
26	Delhi Mass Rapid Transport System Project V	Delhi	59296	31.3.2004/18.6.2008
27	Bisalpur-Jaipur Water Supply Proj(Transfer system)	Rajasthan	8881	31.3.2004/19.10.2013
28	Bangalore Water Supply and Sewerage Project (II)	Karnataka	41997	31.3.2005/28.7.2015
29	Delhi Mass Rapid Transport System Project (VI)	Delhi	19292	31.3.2005/28.7.2011
	<b>Ministry of Water Resources</b>			
30	Rajghat Canal Irrigation Project	Madhya Pradesh	13222	25.2.1997/29.5.2006
31	Rengali Irrigation Project II	Orissa	6342	31.3.2004/18.6.2011
32	KC Canal Modernization Project II	Andhra Pradesh	4773	31.3.2004/18.6.2012
33	Rajasthan Minor Irrigation Improvement Project	Rajasthan	11555	31.3.2005/28.7.2015
	<b>Ministry of Rural Development</b>			
34	Attapaddy Wasteland Project	Kerala	5112	25.1.1996/26.3.2008
	<b>Ministry of Textiles</b>			
35	Chattisgarh Sericulture Project	Chattisgarh	2212	12.12.1997/5.2.2007
36	Manipur Sericulture Project	Manipur	3962	12.12.1997/31.3.2008
	<b>Ministry of Tourism</b>			
37	Ajanta-Ellora Conservation & Tourism Dev. Project-II	Maharastra	7331	31.3.2003/31.7.2011
38	Uttar Pradesh Buddhist Circuit Development Project	Uttar Pradesh	9495	31.3.2005/28.7.2015



## OVERALL PERFORMANCE

**Table -2 (para 1.4.1)**

**List of ongoing projects under Japanese grant-in-aid and Japanese debt relief grant along with disbursement statement**

S No	Name of the Project	Amount	Date of Exchange of Notes	Disbursement till 31.1.2006
1	Project for Construction of Diarrheal Research and Control Centre at NICODE, Kolkata	JY 2134 million Construction	25.6.2004	<i><b>JY 715.551 million</b></i>
2	Project for Improvement of Sardar Vallabhbhai Patel Post Graduate Institute of Paediatrics in the State of Orissa at Cuttack	JY 830 million/Construction, equipment supply and counterpart training	4.8.2005	<i><b>Nil</b></i>
3	Project for Development of Groundwater in the state of Uttar Pradesh	JY 603 million / equipment	5.1.2006	<i><b>Nil</b></i>
4	Under Japanese Debt Relief Grant	...	...	<i><b>JY 40.246 mill</b></i>
		<b>Total</b>		<i><b>JY 755.797</b></i>

### **1.4.2 European Commission :**

- The EC assistance to India is provided as grant and is currently focused on education, health and environment. Chattisgarh and Rajasthan have been jointly identified for EC's 'State Partnership Programme (SPP)'. As per MoU signed with EC on 25.02.2004 for SPP, EC would provide Euro 160 million for SPP with allocation of Euro 80 million each for Chattisgarh and Rajasthan.
- There are two on-going central projects in education sector (Sarva Shiksha Abhiyan) and health sector (Health & Family Welfare Development Programme) with EC assistance of Euro 200 million and Euro 240 million respectively.
- EC has disbursed Euro 75.12 million during 2004-05 and Euro 103.855 million during 2005-06 (upto 31.01.06) for ongoing development cooperation projects.

### **1.4.3 COMMONWEALTH FUND FOR TECHNICAL COOPERATION (CFTC) :**

- The CFTC is a vehicle of Commonwealth Secretariat to help member countries in achieving sustainable economic and social development

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by providing specialized technical skills, and advisory assistance, particularly the small states and LDCs in Africa, Asia, Caribbean and the Pacific areas.

- India is among five largest contributors of CFTC. India's annual contribution this year has been enhanced to £ 800,000 from £ 720,000 and will gradually increase by £ 50,000 every year till it reaches to £ 1 million in 2009-10. GoI's contribution of £ 800,000 in the current year has already been released to CFTC account.

### 1.4.4 ITALY :

- The loan agreement for Italian soft loan of Euro 25.82 million to fund the Water Supply and Solid Waste Management Project in 14 selected towns of West Bengal was signed during the financial year 2005-06.

### 1.4.5 SWITZERLAND & NETHERLANDS :

- The country wise-disbursements of external assistance during 2005-06 is as under: -

*(Rs. in Crores)*

Country	RE 2005-06	Disbursement as on 31.01.2006	Remarks
Switzerland	1.50	0.248	More disbursements are expected in the months of February & March, 06.
Netherlands	29.805	35.585	

### 1.4.6 GERMANY :

#### a) New Commitments:

During the year 2005-06, the Government of FRG has made fresh commitment of Euro 294.50 million (appx. Rs.1590 crores). The total number of new projects Financial Co-operation (FC)/Technical Co-operation (TC) is indicated below. The new commitments

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made during this year are almost 4 times the annual average commitment. The new priority areas for which German assistance will be provided are Energy, Environmental Policy, Protection and Sustainable Use of Natural Resources and Economic Reforms.

### NEW PROJECTS COMMITTED IN THE CURRENT YEAR:

Name of the Project	Date of Approval	Amount Committed (FC/ TC)(Euro million)
NABARD : Natural Resource Management Umbrella Programme	09.12.2005	16.400* (FC) 3.000 (TC)
Indo-German Energy Programme (IGEN)	09.12.2005	90.000 (FC)
REC Energy Efficiency Programme	09.12.2005	70.000(FC)
NABARD : Rural Finance Programme	09.12.2005	100.000(FC)
Pulse Polio Immunization Programme – VIII	09.12.2005	30.000*(FC) (Grant)
Regional Economic Development, Uttranchal	09.12.2005	4.000 (TC)
e-Governance for Business Development	09.12.2005	4.000 (TC)
Indo-German Health Programme	09.12.2005	5.500 (TC)

\* Including Reprogrammed funds.

#### b) New Agreements Signed:

- FC Umbrella Agreements for 2003 and 2004 between Govt. of India and Govt. of FRG were signed for Euro 118.85 million and Euro 100.63 million respectively for the commitments made under Financial Cooperation (FC) Programme during the years 2003 and 2004. TC Umbrella Agreement for 2003 was also signed for Euro 15 million for the commitments made under Technical Cooperation (TC) Programme.
- Loan and Financing agreement for Euro 54 million to fund the Project Promotion of Private Infrastructure Projects (I&FS) and Loan and Financing agreement for Euro 100.56 million as composite loan and Euro 3.3 million as grant to fund the Project Renewal Energy Programme-PFC-II were signed during the year 2005-06.

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### c) Disbursements

- An amount of Rs.108.369 cores has already been disbursed as on 31-01-2006 as against the RE for 2005-06 amounting to Rs.195.00 crores. An amount of Rs.45 crores for the Railway Signalling Project are already in pipeline and would be disbursed soon (by 15<sup>th</sup> March, 2006).

### 1.4.7 UNITED KINGDOM :

- UK has been providing bilateral assistance to India since 1958. At present, UK is the largest external development partner in terms of grants to India.
- At present, 21 projects are receiving Financial/ Technical Assistance, 5 projects are receiving Technical Assistance only. The ongoing projects involve a total commitment of PDS 871 million (Rs.6968 crores approx.) from DFID as Financial Assistance till end of February, 2006.

#### Commitments & Disbursements during the Financial Year 2005-06

Fresh commitments for the current financial year (up to 28.2.2006) have been £ 130.10 million (Rs.1188 crores) through signing of new agreements in respect of the following projects:

*(Amount in million £)*

S. No	Name of Project	Duration(Date of Signing/Closing)	Allocation
1	Health System Development Initiative Programme, West Bengal	18.07.2005/31.03.2010	£ 100.00
2	Project for EPCO in MP	02.08.2005/31.03.2007	£ 1.10
3	Strengthening Rural Decentralisation in West Bengal.	19.09.2005/31.03.2007	£ 9.00
4	Giripragathi for Sustainable Development of Tribal Community in Andhra Pradesh	10.01.2006/ 31.12.2008	£ 1.50
5	Power Sector Reform Phase II in Madhya Pradesh	23.12.2005/ 31.10.2010	£ 18.50
	<b>TOTAL</b>		<b>£ 130.10</b> <b>(Rs.1040.8 crore)</b>

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- During 2005-06, UK disbursed a total amount of £ 143.642 million (Rs.1125.194 crore) up to 31.1.2006.

### **1.4.8 PIPELINE PROJECTS POSED TO DFID :**

- In all 11 new projects have been posed to DFID till 28.2.2006 seeking grant assistance of £ 613.035 million (Rs.4958.480 crore).

## **2. CURRENCY, COINAGE & STAMPS DIVISION :**

**2.1** There are nine industrial Units in the country engaged in production of Currency and Coins. Out of these, four are Mints, two Note Printing Presses, two Security Printing Presses and one Security Paper Mill. The four Government Mints are: (1) Mumbai Mint (Maharashtra) established in 1829, (2) Kolkata Mint (West Bengal) established in 1952, (3) Cherlapally, Hyderabad Mint (Andhra Pradesh) established in 1903 at Hyderabad and shifted to Cherlapally in 1997, and (4) Noida Mint (Uttar Pradesh) established in 1988. The main function of the Mint is minting of coins to meet domestic requirements. The Assay Departments attached to Mumbai and Kolkata Mints assay gold, silver and alloys for coins, medals, badges and commemorative coins etc.

**2.2** Following are the achievements of the division during the year 2004-05.

- In pursuance of the Finance Minister's budget speech Pay and Accounts Offices of all the nine units have been fully computerized.
- India Security Press, Nasik has started printing the Non-Judicial Stamp Papers in the denomination of Rs.50/-, Rs.100/- and Rs.500/- with new design and Security features.
- Security Printing Press, Hyderabad has started production of Non-Judicial Stamp Papers upto Rs.20/- with new design and Security features. The new stamps are printed on special security paper with special security inks and techniques in printing.
- Currency Note Press, Nasik prints and supplies Bank Notes of denomination of Rs.5/-, Rs.10/-, Rs.50/-, Rs.100/-, R.500/- and also Rs.1000/- as indented by Reserve Bank of India. Security Paper Mill, Hoshangabad manufactures Bank Note Paper, Non Judicial Stamp Paper and other Security Paper and caters to the requirement of Bank Note Press, Dewas, Currency Note Press, Nasik Road, Security Printing Press, Hyderabad, Bhartiya Reserve Bank Note Mudran(P) Ltd., Mysore and BRBNML(P)L, Salboni.
- The Government of India has issued Notification corporatising all Security Presses, Mints & Security Paper Mill under the Department of Economic Affairs, named as "Security Printing & Minting Corporation of India Limited" (SPMCIL), with effect from 10.02.2006.

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**2.3** Statement showing the production target and achievement for the year 2005-06 ( Achievement upto 31.12.2005) in respect of Mints and Presses .

Sl.No.	Description	Annual Target for 2005-06	Achievement (upto 31.12.2005)
<b>1.</b>	<b>Currency Note Press, Nashik</b>		<b>(In Million PCs)</b>
	<b>Denomination</b>		
	Rs.10	1500	508
	Rs.50	600	126
	Rs.100	700	136
	Rs.500	200	163
	Rs.1000	50	0
<b>2.</b>	<b>Bank Note Press,Dewas</b>		<b>(In Million PCs)</b>
	Rs.20	300	284.944
	Rs.50	550	192.6
	Rs.100	400	287.3
	Rs.500	50	0
<b>3.</b>	<b>Security Paper Mill, Hoshangabad</b>		<b>(In MTs.)</b>
	Security Paper	3000 Mts	1334.15
<b>4.</b>	<b>Mints</b>		<b>(Figures in MPCs)</b>
	Re.1 (denomination)	500	192.55
	Rs.2 (denomination)	500	37.1125
	Rs.5 (denomination)	Nil	3.378
	Rs.10 (denomination)	25	0
	Blanks (Re 1)	150	31.225
	Blank (Rs.2)	150	22.47

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5	India Security Press, Nasik			(In crores of PCs)
	Post Card	3.00		2.676
	Envelopes	1.00		0.043
	Regn. Envelope	1.00		0.49
	Inland Letter Cards 3 Flap(incl. Green & Forces)	2.00		0.4084
	Aerogrammes	0.30		0.005
	Postage Stamps	3.00		2.7104
	Commemorative Stamps	40		35
	Non postal Adh. Stamps	4.00		1.794
	N.J. & Allied Stamps	10.00		7.1066
	Saving Instruments	8.00		2.4771
	Non MICR Cheques	0.90		0.292
	MICR Cheques	8.00		7.5468
	Misc. Security Forms	3.00		2.4362
	Passport & Allied Booklets	0.45		0.3503
	Stickers/Label/Cards	0.40		0.4325
	<b>Security Printing Press, Hyderabad</b>			
	Post Card	35.00		16.44
	I.L.C.'s Forces letter	5.00		1.41
	Envelope	2.00		1.23
	N.J. Stamps papers	12.00		10.14
	I.P.O.'s	3.50		0.86
	Court fee Stamps	2.00		0.78

### 3. BANKING AND INSURANCE DIVISION :

**3.1** Public Sector Banks have taken a number of initiatives to reduce NPAs and to check slippage of standard assets into NPAs. Gross NPAs of

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the 27 Public Sector Banks decreased from Rs.51,388 crore as on March 31, 2004 to Rs.47,035 crore as on March 31, 2005 showing a reduction by 8.47%. The level of gross NPAs has further come down to Rs.44,411 crore on December 31, 2005. Net NPA also declined from Rs.20,371 crore as on March 31, 2004 to Rs.16,057 crore as on March 31, 2005 showing a reduction by 21.18%. Net NPA further declined to Rs.14,206 crore as at the end of December, 2005.

- 3.2** There has been a hike in bank advances to the non-food sector. During the period (ending on January 20, 2006) of 2005-06, non-food credit expanded by Rs.2,66,857 crore, which is an increase of 25.2% over the corresponding period of the previous year. During the current financial year (upto 20<sup>th</sup> January, 2006), time deposits of Scheduled Commercial Banks increased by 13.8% as compared with 11.8% in the corresponding period of the previous year. The loans disbursed by public sector banks to agriculture and allied sector was Rs 68,991.52 crore in 2005-06 (April-December 2005) as compared to Rs.65,217.72 crore in 2004-05. The number of new education loan sanctioned by public sector banks during 2005-06 (upto 30.09.2005) was 112035 amounting to Rs.2224.46 crore.
- 3.3** The Report of the Standing Committee on Finance supporting the Bills to amend the Banking Regulations Act 1949 and the RBI Act, 1934 have been received and these Bills are proposed to be taken up for consideration in this Budget Session of the Parliament. Amendments are also proposed to be made in the SBI (Subsidiary Banks) Act, 1959 and Banking Companies (Acquisition and Transfer of Undertakings) Act 1970/1980. There is also a proposal to enact a new legislation to provide for an explicit legal basis for Payment and Settlement System and their regulation.
- 3.4** The physical performance of the major programmes with Banking and Insurance Division are as under :-
- i) National Equity Fund Scheme (NEF) (Plan Scheme) :*
- The National Equity Fund Scheme (NEF), launched in 1987, is jointly funded by SIDBI and GOI.. The fund has been set up with equal contributions from SIDBI and GOI. An amount of Rs.7.0032 crore has been released to SIDBI towards NEF during the current financial year against BE of Rs.22.00 crore. As reported by SIDBI, during the current year 486 beneficiaries have been sanctioned an amount of Rs.24.7497 crore and an amount of Rs.25.1178 crore has been disbursed till December, 2005.
- ii) Water Harvesting Scheme for SC/ST Farmers (Plan Scheme) :*
- The Hon'ble Finance Minister had announced, in the budget of 2004-05, launching of a nationwide water harvesting scheme to help



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SC/ST farmers with 50% capital subsidy provided by the Government through NABARD for covering the irrigation unit. The scale for the Scheme was announced as Rs.100 crore. The scheme was launched by NABARD in August, 2004 through public sector banks, Cooperative banks and Regional Rural Banks. During 2004-05, 293 units were financed and during 2005-06, 3013 units have been financed by December, 2005 by banks. However, in view of the slow progress under the scheme, the scheme was reassessed by NABARD and the total outlay under the scheme has been revised to Rs.49 crore up to 2006-07 for 24,500 units. 50% of the cost will be given as loan by lending agency whereas remaining 50% will be disbursed as back ended subsidy to the borrowers through NABARD. Govt. of India will give this subsidy component to the tune of Rs.24.50 crore. This revision in target and allocation has been approved by Hon'ble Finance Minister. The budget allocation in BE 2005-06 is Rs.3.81 crore, however, in RE, it has been scaled to Rs.8.50 crore and Rs.16 crore in BE-2006-2007.

### *iii) Debt Recovery Tribunals (DRTs)*

- The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (DRT Act) was enacted on 27<sup>th</sup> August, 1993 to provide for establishment of Tribunals for expeditious adjudication and recovery of debts due to banks and financial institutions and for matters connected therewith or incidental thereto. Action was initiated immediately for establishment of 10 Debts Recovery Tribunals (DRTs) and one Debts Recovery Appellate Tribunal (DRAT) in the country. At present there are 29 DRTs and 5 DRATs in the country.
- From 1.4.1996 to 31.12.2005, 86922 cases involving an amount of Rs.184538.01 crores were filed. Out of which 59115 cases involving an amount of Rs 91866.59 crores were disposed of and recovery of Rs.24915.28 crores was made.
- In addition to the actual recovery, DRTs are one of the main factors facing the defaulters to come forward for One Time Settlement (OTS) with the Banks and FIs. The role of the DRTs has been further enhanced by the passing of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended, which provides that the aggrieved party under the Securitization Act can make an appeal before the DRTs.

### *iv) Relief to November 1984 Riots affected Borrowers :*

- Government of India declared in April, 1990 to extend relief in deserving cases to the persons affected by November 1984 Riots and who has taken loans from banks as per the "Central Interest Subsidy Scheme for November, 1984 Riots affected borrowers" of September, 1990 . The Scheme has been further modified in December, 1997 for providing complete waiver of small loans upto a limit of Rs.50,000/-. Approximately Rs.5.52 crore has been disbursed up to 2005-06. During the current year till December, 2005 an amount of Rs.115 lakh has been released.

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**v) Appellate Authority for Industrial and Financial Reconstruction (AAIFR) :**

- The AAIFR has been set up under the provisions of Section 5 of the Sick Industrial Companies (Special Provision) Act, 1985 (SICA). The primary function of the Authority is to hear appeals against the orders passed by the Board for Industrial and Financial Reconstruction (BIFR). In accordance with the provisions of Section-14 of the Act, AAIFR functions like a Civil Court for the purpose of Section-195 and Chapter XXVI of Cr.P.C. 1973. The proceedings of AAIFR, thus, are of judicial nature. Appeals received and disposed off during 2005-2006 (i.e. 01-04-2005 to 31-12-2005) are given below:

<b>Cases brought forward from 2004</b>	<b>Received during 2005 (including Miscellaneous Applications(MAs)</b>	<b>Total No. of cases including brought forward</b>	<b>Cases disposed off during 2005 (including MAs)</b>	<b>Cases outstanding as on 01-01-2006</b>
749	271 (181+90(MAs)	1020	629	391

**vi) Board for Industrial and Financial Reconstruction (BIFR) :**

- The BIFR has been set up in 1987 under the provisions of Section 5 of the Sick Industrial Companies (Special Provision) Act, 1985 (SICA). The primary function of the Board is to identify the sickness in industrial companies, enquiring into the incidence of sickness and taking suitable remedial measures for the revival of sick companies or recommending their closure. During 2005-06, 75 cases were registered with the BIFR. Total number of cases disposed off during the period was 296, which is inclusive of brought forward cases from 2004.
- Bill to repeal SICA has been passed by Parliament and Presidential assent thereto has been received, the notification to give effect to SICA Repeal Act, 2004 and consequent abolition of AAIFR/BIFR mechanism is held up due to delay in constitution of the alternate mechanism i.e. National Company Law Tribunal (NCLT) by the Department of Company Affairs. Abolition of AAIFR/BIFR and Constitution of NCLT is to take place simultaneously. Till such time NCLT is set up, AAIFR/BIFR are required to continue as per the provisions of SICA 1985.

**vii) ICICI Bank (USAID Pact Programme) :**

- The Grant is paid under the USAID PACT Programme and the amount is to be utilized for meeting the promotional expansion

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Programme for Advancement of Commercial Technology. An amount of Rs.23.73 crore has been released till December, 2005 against BE of Rs.37.50 crore.

### *viii) Investment in LIC of India :*

- An amount of Rs.280 crores has been provided for in the budget for 2005-06 for the purpose of foreign operations of LIC. Since LIC could not spend any amount till December, 2005, we have proposed to revise our estimates from Rs 280 crores to Rs 80 crores only. Accordingly, Rs.80 crores has been provided for in the RE for 2005-06. Out of the Rs.80 crore also, an amount of Rs.30 crore only has been utilized during the year 2005-06 and the remaining Rs.50 crore has been shown as Savings.

### *ix) Universal Health Insurance Scheme (UHIS) :*

- This Scheme was launched on 14<sup>th</sup> July, 2003 to provide reimbursement of medical expenses to weaker sections of society upto Rs.30,000/- towards hospitalization, a cover for death due to accident for Rs.25,000/- and compensation due to loss of earning at the rate of Rs.50/- per day upto a maximum of 15 days to the earning head of the family for a premium of Rs.365/- for individual, Rs.548/- for a family of five and Rs.730/- for family of seven. The scheme had a provision of a subsidy of Rs.100/- for BPL families against annual premium. The scheme was redesigned scheme and was against launched on 20<sup>th</sup> September, 2004. The redesigned scheme was meant only for BPL families. It provided a subsidy of Rs.200/- for individuals, Rs.300/- for a family of five and Rs.400/- for family of seven.
- A total of 53741 families (178958 persons) have been covered til 31.12.2005 in the current financial year.

## **4. FINANCIAL INSTITUTIONS**

### **4.1 Exim Bank of India :**

- Exim Bank of India set up in 1982 by an Act of Parliament, for the purpose of financing, facilitating and promoting foreign trade of India. It is the Principal Financial institution in the country for coordinating working of institutions engaged in financing exports and imports. The Govt. of India wholly owns Exim Bank of India. The authorized capital of the Bank is Rs.1,000.00 crore. During the year, Government has released Rs.100 crore towards subscription to share capital of Exim Bank. The paid up capital at present stands Rs.950.00 crore. Profit after tax amounted to Rs.258 crore during FY 2004-05 as against profit after tax of Rs 229 crore during FY 2003-04, an increase of 13%.

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### 4.2 IDBI Ltd. :

- The amount released to IDBI Ltd. under USAID project is to be utilized for Green House Gas Pollution Prevention Project. The Grant is paid as a part of the restructuring package of IDBI approved by the Government. IDBI was to service the interest on its existing borrowing as on the appointed date @ 8% p.a. and the balance, viz. the amount representing the difference between contracted rate and 8% by the Government each year. An amount of Rs.815.30 crore has been released till January, 2006 against RE of Rs.815.46 crore.

### 4.3 IFCI Ltd. :

- As per restructuring package, Government has taken over the liabilities of the IFCI in respect of the Government guaranteed SLR bonds and retail borrowing of investors below Rs.1 lakh. Government would also service the borrowings of IFCI from ADB and KFW. An amount of Rs.257 crore has been released till December, 2005 against BE of Rs.300 crore.

### 4.4 STRESSED ASSETS STABILIZATION FUND (SASF) :

- A fund has been created to address the problem of stressed assets of IDBI with a corpus of about Rs.9,000 crore, to which IDBI transferred its stressed assets of a like amount. The transaction was cash neutral with the corpus being invested in 20 year bonds carrying no return. This enabled IDBI Ltd. to start banking with zero net NPAs. SASF is managed by a Trust constituted under Indian Trusts Act, 1882. In terms of SASF Trust Deed, the SASF shall pay the amount realized or recovered from the stressed assets of IDBI to GOI each year. Government of India shall pay to IDBI an equivalent amount to redeem the bonds issued.

### 4.5 INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL) :

- IIFCL was incorporated on January 5, 2006 with a paid up capital of 10.00 crore and an authorized capital of Rs.1,000.00 crore. IIFCL would lend funds, especially debt of longer-term maturity, directly to the eligible projects to supplement other loans from banks and financial institutions. The company would fill the gap for long term infrastructure finance, which the banks are not in a position to address owing to concerns relating to mismatches in assets and liabilities. The Govt. has subscribed to the equity of Rs.10 crore in January, 2006 against the RE of Rs.10 crore.

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### 5. DEPARTMENT OF EXPENDITURE

**5.1** The Prime Minister's Thrust Areas set for D/o Expenditure included 5-planks of institutional reforms, viz., Decentralisation, Simplification, Transparency, Accountability and e-governance. These were echoed in the FPSS and became the guiding principles of setting the work plan for the D/o Expenditure. D/o Expenditure aimed to tighten financial discipline on the one hand while expediting financial decision making on the other. Accordingly, the following major decisions were taken and projects were initiated.

- i) In a milestone development, the Department of Expenditure undertook a major exercise, with active participation of the Planning Commission, for compilation of Outcome Budget 2005-06, a first of its kind, and presented to Parliament on August 25, 2005. Orders were issued that the Expenditure Finance Committee and the Public Investment Board will not consider any scheme/project for appraisal unless the intended outcomes and timelines are clearly indicated in the proposal.
- ii) Notification of new/updated "General Financial Rules" from July 1, 2005. These Rules were last revised in a comprehensive manner in 1963 and since then were subjected to a series of isolated amendments. The existing rules were reviewed taking into account recent developments in the financial sector, availability of new instruments in banking, insurance, material sourcing, information technology, communications, etc. Cumbersome procedures, causing unnecessary movement of papers between several layers of Government, have been simplified, devolving necessary authority, responsibility and direct accountability on the vital functionaries in Government to ensure speedier decision making.
- iii) The Department undertook a record level of appraisal activity for expenditure proposals (Government schemes/projects as well as investments proposals of Central Public Sector Undertakings) to be cleared by the Cabinet or Cabinet Committees on Economic Affairs or Security.
- iv) Ministries/Departments were asked to initiate action to obtain utilization certificates, audit certificates and expenditure statements and ensure that all are received, wherever due, latest by 30th June, 2005. Orders were issued that after June 30, 2005, funds will not be released to any grantee body which has failed to furnish utilization certificates for the grants released earlier. A major drive was undertaken to clear the pending Utilization Certificates. Out of 87,270 utilization certificates involving Rs.41,997 crore outstanding for grants released up to 31.3.2004, as many as 41,496 utilization certificates involving Rs.30,195 crore were cleared leaving 45,775 utilization certificates outstanding involving Rs.11,895 crore. Thus, there has been a 47% reduction in the number of pending utilization certificates and almost 72% reduction in the amounts involved in pending utilization certificates for grants released up to 31.3.2004.

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In a further tightening of discipline in this regard, the "economy instructions" issued on November 23, 2005 stipulated that in respect of all grants released prior to 1st April, 2002, two months' notice may be given to the concerned entities to furnish the required utilization certificates, failing which the amount should be deducted from future releases and credited to government revenue as "refund of unused grants"

- v) Norms governing re-appropriation of funds have been reviewed and substantial delegation of these powers to the Ministries/Departments has been notified. Concurrence of the Comptroller and Auditor general and the Public Accounts Committee has been secured in the matter.
- vi) Ministries/Departments have been asked not to transfer funds under any Plan scheme in relaxation of conditionalities attached to such transfers (such as matching funding). Further, where a scheme contemplates a priori determination of each State's entitlement of Central Budget support, the actual disbursements will be limited to these entitlements. Specifically, it will not be open to any Ministry/Department to release excess funds to any State by diverting "savings" in respect of another State as the practice tends to aggravate imbalances.
- vii) Flexibility has been allowed to the Ministries in using the services of airlines other than Air India/Indian Airlines in domestic and overseas travel and telecom companies, other than MTNL/BSNL, guided only by the considerations of economy in expenditure. Accordingly, Ministries have been asked to avail of various incentives/concessional tariffs.
- viii) In order to ensure transparency, competition, fairness and objectivity in the procurement/bidding processes in the Government, it has been felt necessary to improve documentation of best practices. Hence, three Working Groups were constituted, one each for 'Goods', 'Works' and 'Consultancy', for preparation of 'Manual of Policies and Procedures', 'Bidding Documents', 'Guidelines to Purchaser', 'Guidelines to supplier', and 'Draft Standard Contracts' for different categories'. The work is in an advanced stage of finalization.

**5.2** In the changed scenario and keeping in view the Government emphasis on better governance and improved delivery of services, the role of Staff Inspection Unit (SIU) has been re-defined. The SIU has been positioned to act as catalyst in assisting the line Ministries and Autonomous Organizations in improving their organizational effectiveness. During the year 2005, SIU issued 16 reports covering 14,950 sanctioned posts and demand for creation of 682 additional posts in 16 offices. The staffing studies resulted in identifying 4025 surplus posts out of the sanctioned strength of 14,950 posts. The studies during the year have resulted in an economy of Rs.42.94 crore per annum.

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- 5.3** In the Fiscal Policy Strategy Statement placed before Parliament, it had stipulated that the Ministries would release a summary of their monthly receipts and expenditures to the general public through their websites and disclose scheme-wise funds released to different States. In pursuance of this objective, Controller General of Accounts has ensured that the Accounting units of all Civil Ministries release a summary of their monthly receipts and expenditures alongwith statement of scheme - wise funds released to different States, in a common format for public viewing through their websites. The Ministries are releasing the desired information by the last working day of every month.
- 5.4** The Government has in principle accepted recommendations of 12th Finance Commission that there should be a "*gradual move towards accrual basis of accounting*" for the Union Government. Accordingly, the Controller General of Accounts (CGA) has undertaken the following initiatives:
- Conduct a feasibility study for introducing accrual based accounting in selected Ministries /organizations,
  - Develop a modern, unified, multidimensional system of accounting classification, and
  - Develop an advanced Internal Controls and Internal Audit system for Government Departments.
- 5.5** As a first major step in this direction, CGA's office organized an international workshop in September 2005. This workshop was attended by senior / middle level Government officers responsible for policy formulation on accounting matters in the Ministry of Finance and maintenance of accounts and other related functions in the line Ministries.
- 5.6** The Cost Accounts Branch during the period April 2005 to December 2005 received 59 new references for studies and completed 64 studies already under reference.
- 5.7 Office of the Chief Controller of Accounts :**
- A programme called COMPACT (PAO-2000) was introduced in the accounting organization of the C.G.A. The package is meant for performing most of the functions of Pay and Accounts Office. The bills are paid after pre-check through this programme and data is used for compilation of accounts. The final payment of G.P.F and Pension cases are also processed with the help of this programme. The system has been introduced with the objective to achieve accuracy in the various functions of PAO including speedy compilation of accounts. This programme has been implemented in all the 17 PAOs of the Ministry of Finance and they are running the software quite satisfactorily. All the PAOs have stopped preparing manual accounts.

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- The test run of e-lekha has also been started in all the PAOs who are uploading their data regularly on central server on daily basis. The summary and object head-wise progressive expenditure in respect of 9 Grants of all the 4 departments of the Ministry are also being put on website of NIC every month.

### 5.8 Audit of DDOs :

- Out of the total 116 units under the audit control of this office, 82 were due for audit during the year 2005-06. Audit of 60 units has been completed by February 28, 2006.
- The total Number of outstanding audit paras as on April 1, 2005 was 1443. During the current year 2005-06, 476 new paras were added and 393 paras were settled.

### 5.9 Audit of Banks and Financial Institutions :

- During the course of inspections of public Sector banks, serious major irregularities have been observed by the audit in the operation of Deposit Schemes by these banks. A recovery of Rs.25.71 crore was made during 2004-05.

### 5.10 Loans & Grants to State Governments :

- During 2005-06, Ministry of Finance has computerized the database relating to "Transfer of amount under loans, grants, share of taxes and investments in special securities from N.S.S.F. to State Governments/UTs. The State Finance Departments and the Accountants General of States could now download the data regarding release, repayments etc. on day-to-day basis and also copies of sanction and inter-governmental advices. This would help to have better cash management in States.

## 6. DEPARTMENT OF REVENUE

### 6.1 Implementation of VAT Scheme :

- 6.1.1 Introduction of State VAT is the most significant tax reform measure at State level. The State VAT being implemented presently is to replace the existing Sales Tax systems of the States. The Government of India has constituted an Empowered Committee(EC) of State Finance Ministers who deliberate and decide all issues concerning Sales Tax Reforms/States VAT. The decision to implement State level VAT was taken in the meeting of the Empowered Committee of State Finance Ministers held on 18<sup>th</sup> June, 2004, where a broad consensus was arrived at amongst the States to introduce VAT w.e.f. 1<sup>st</sup> April, 2005. Accordingly, VAT has been introduced by 25 States/UTs by now.



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**6.1.2** Since Sales Tax/VAT is a State subject, the Central Government is playing the role of a facilitator for successful implementation of VAT. The Central Government has been providing all necessary support to the States, in their endeavour to implement State level VAT. Some of the steps taken by the Central Government in this regard are as under:-

- A package for payment of compensation to States for possible revenue loss on account of introduction of VAT has been announced.
- A Model VAT Bill was got prepared and circulated amongst the States to help them in preparation of their VAT Bills. Similarly, an Audit Manual for VAT was also got prepared and circulated.
- Technical and financial support is being provided to 11 North Eastern/Special Category States to enable them to take up VAT computerization and other necessary steps.
- Financial support is also being provided to the Empowered Committee as well as the States for undertaking publicity campaigns for VAT.
- 50% funding for the Tax Information Exchange System (TINXSYS) Project is also being provided
- An expenditure of Rs1512.36 crores has been incurred upto 28th February, 2006 towards compensation to eight States as under:

*(Rs.in crores)*

S.No.	Name of State	Amount
1	Andhra Pradesh	314.04
2	Bihar	135.77
3	Karnataka	251.16
4	Kerala	456.47
5	Maharashtra	259.89
6	Sikkim	1.84
7	Tripura	5.12
8	West Bengal	88.07
	<b>Total</b>	<b>1512.36</b>

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### **6.3 VAT Computerisation in North-Eastern States :**

- 6.3.1** In Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura & Sikkim, VAT Management System was implemented and a state of the art Data Centre was set up at Guwahati. All State Headquarters, unit office, zonal office and the remotely located check posts were brought under a single VSAT network system.

### **6.4 Prevention of Money Laundering Act, 2002 (PMLA)**

- 6.4.1** PMLA seeks to combat money laundering in India with three main objectives - to prevent and control money laundering, to confiscate and seize the property obtained from laundered money, and to deal with any other issues connected with money laundering in India. The Rules under this Act have also been notified with effect from July 1, 2005.

### **6.5 Government Opium and Alkaloid Works :**

- Increase in manufacturing of drugs --- 10114 Kg. up to Nov 2005 as compared to 7822 Kg. during same period of 2004-2005.
- Increase in opium export on accrual basis --- 321284 Kg has been estimated for 2005-2006 compared to 117913 Kg for 2004-2005.
- Increase in domestic sale of drugs on actual basis --- 18796 Kg has been estimated for 2005-2006 as compared to 11983 Kg for 2004-2005.
- The norms of environmental protection and pollution control as imposed by pollution control boards have been observed.
- In order to maintain the existing level of sales in the world market and due to fall in prices of opium extracted from concentrated poppy straw, the export price of opium has to be reduced from \$ 7.25 per AMU to \$ 6 per AMU (Amorphous Morphine Units).

### **6.7 Central Bureau of Narcotics (CBN) :**

- 6.7.1** The organization of CBN is primarily responsible for administration of NDPS Act, regulation of opium cultivation in the country, control of trade of narcotic drugs, psychotropic substances and precursor chemicals and other related activities of preventive and intelligence work. Some of the major achievements are :-
- Property worth Rs.1.36 crores of drug traffickers have been frozen till November, 2005.

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- In association with ISRO organization, satellite imagery of licit opium poppy cultivation have been done to assess the area under cultivation and damage to opium crop.
- The Smart Card identification project for cultivators in all the 17 opium divisions in three opium states of Rajasthan, UP and MP is under implementation. The project once implemented will enable maintaining of various cultivation activities and would also be able to help in policy level decisions including optimum deployment of men and resources to strengthen the existing controls.
- Joint Licit Opium Poppy Survey (JLOPS) are being carried out in association with US and Indian agricultural scientists to examine the influence of various factors and parameters on opium yield.

### 7. DIRECT TAXES

Income Tax Department is engaged in the administration and collection of direct taxes. Salient features of performance of the Department are as under :-

- 7.1 There has been an increase of 92% in the collection of direct taxes from 2001-02 to 2004-05 at an average annual growth of 24% as against average growth rate of 18% between 1990-91 to 2000-01. It has happened for the first time in last 35 years that direct tax collections have increased at a rate above 20% for three consecutive years. B.E. for 2005-06 is fixed at Rs.1,77,077 crore against which the collection upto December 2005 is Rs.1,01,738 crore (57.45%). Expected achievement is projected at Rs.1,70,077 crore for the fiscal 2005-06 (96.05%).
- 7.2 Direct tax-GDP ratio has increased from 3.02% in 2001-02 to 4.24% in 2004-05 as compared to increase from 2.10% in 1990-91 to 3.23% in 2000-01. This is for the first time in last 35 years that direct tax GDP ratio has surpassed 4%.
- 7.3 There has been a significant increase in the amount of recovery from arrears from Rs.3930 crore in 2001-02 to Rs.5,470 crore, Rs.5,540 crore and Rs.7,084 crore in 2002-03, 2003-04 and 2004-05 respectively.
- 7.4 Collection out of current demand, which was Rs.4326 crore in 2001-02 has increased to Rs.7,300 crore in 2002-03, Rs.10,610 crore in 2003-04 and Rs.15,632 crore in 2004-05.
- 7.5 The cost of collection of direct taxes has drastically come down from 1.36 paise per rupee collected in 2000-01 to 0.86 paise per rupee collected in 2004-05.
- 7.6 The Department has recently received "The Golden Icon" award for best e-delivery of services by any Government Department or Public Sector Undertaking.

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**7.7** A comprehensive computerisation programme has been undertaken in the Department and status of implementation of different components of activities are as under :-

Sl. No	Area of activity	Status
1.	<b>Electronic delivery of taxpayers services :</b> (i) Dissemination of tax related information through website (ii) Services related to allotment of PAN (iii) Online preparation of return of income (iv) Online filing of return of income  (v) Electronic payment of taxes  (vi) Computerized processing of return and issue of refunds (vii) Electronic credit of refunds in bank account of taxpayer  (viii) Electronic filing of TDS return	Fully operational Fully operational Fully operational Operational in 60 cities on the network Facilities available through internet banking services on 4 banks Fully operational Operational for salaried taxpayers in 12 Cities Fully operational
2.	<b>Augmentation of Departmental computer infrastructure</b> (i) Setting up of All India Income Tax Network connecting 745 offices of the I.T. Department in 510 cities across India (ii) Setting up of National Data Centre  (iii) Consolidation of Regional databases into a single National databases	Contract awarded 165 sites in Phase-I completed. Remaining cities expected to be completed by June 2006.  Evaluation of technical bids is in progress. Contract expected to be awarded in April, 2006.  Migration of application software completed. Consolidation of databases dependent upon setting up National Data Centre. Expected to be completed in June 2006.

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### 3. Setting up of Tax Information Network

(i)	Online accounting of tax payments through OLTAS	Fully operational
(ii)	Digitization of TDS returns and the information contained in such returns	Fully operational
(iii)	Capturing and processing of information relating to high value financial transactions coming through Annual Information Returns (AIR)	Fully operational

**7.8** For the first time "Asset Register" of the Department has been prepared as on 31.03.2005

**7.9** Computerisation in the O/o Principal Chief Controller of Accounts, CBDT.

- Twenty-four Zonal Accounts Offices spread all over the country are being linked on-line with headquarters, CBDT, Ministry of Finance and RBI through Multi-Protocol Level Virtual Private Network.
- Receipt Accounting Management Software (RAMS) was developed by UTI Bank computerizing Receipt Accounting at the ZAO level.

## 8. INDIRECT TAXES

### 8.1 Organisation :

The organizational structure of the Customs and Central Excise Department was reviewed and reformed in 2001-02 with the objectives of systems improvement to make the tax administration, officer oriented, technology driven, responsive and assessee friendly. Increase in revenue by closer supervision while providing better accessibility to trade and industry and rationalizing the work load was also to be achieved. Reducing the inter-face with the tax payers especially at lower levels was a major reform measure in the area towards achieving zero tolerance to corruption. Productivity was also expected to increase substantially with the induction of Information Technology in all the processes. The work norms were standardized and model structures for Customs and Central Excise Commissionerates evolved. The Department was downsized by a net reduction of staff strength by 3600 (5.24%) at the time of restructuring of the Department. This was

## PERFORMANCE BUDGET 2005-2006

made possible through multi tasking, infusion of technology, retraining and rational deployment. The reorganized set up came into existence w.e.f. 1st November, 2002.

### 8.2 Customs :

**8.2.1** There are 35 Commissionerates of Customs engaged in assessment and collection of customs duties and other enforcement functions, which also includes surveillance of coastal and land borders to prevent smuggling activities. Marine and Telecommunications wings are also available to these Commissionerates in the performance of their duties. The customs revenue collected during 2003-04 and 2004-05 was Rs.48,613 crore and Rs.57,566 crore respectively. The B.E. for 2005-06 is Rs.53,182 crore against which Rs.47,721 crore has been collected up to December, 2005.

### 8.3 Central Excise and Service Tax :

**8.3.1** There are 93 Commissionerates engaged in enforcement of the Central Excise Act, Service Tax Act and rules made thereunder. Some of these Commissionerates also attend to Customs work of minor ports and Inland Customs Stations. Six Commissionerates exclusively for assessment and collection of Service Tax have also been functioning for the last about 2 years. Central Excise Revenue amounting to Rs.90,907 crore and Rs.98,621 crore were collected during 2003-04 and 2004-05 respectively. B.E. for 2005-06 is Rs.1,20,768 crore (exclusive of cess administered by other departments) against which Rs.75,512 crore have been collected upto December, 2005.

**8.3.2** Service Tax collection for 2003-04 and 2004-05 stood at Rs.7,891 crore and Rs.14,200 crore respectively. BE for 2005-06 is Rs.17,500 crore and the collection up to December, 2005 was Rs.13,833 crore. The increase in Service Tax collection over the two years period has been very substantial on account of 2% rise in the rates and inclusion of more services in the Service Tax net which was given sustained wide publicity in the electronic and print media.

**8.3.3** The overall performance of the CBEC in revenue collection is as under:

- Growth in customs revenue during 2002-03, 2003-04 & 2004-05 over the respective previous years has been 11.4%, 8.4% and 18.4% respectively. Similarly, Central Excise revenue has grown by 13.4%, 10.3% and 9.2% and Service Tax revenue by 25%, 91% and 80%.
- Tax GDP ratio of indirect taxes, which was 5.1% in 2001-02 improved to 5.3% in 2003-04 and is estimated to be 5.4% for 2005-06.

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### INDIRECT TAX REVENUE AS A PER CENT OF GDP

	2001-02	2002-03	2003-04	2004-05*	2005-06**
<b>INDIRECT</b>	<b>5.1</b>	<b>5.4</b>	<b>5.3</b>	<b>5.5</b>	<b>5.4</b>
Customs	1.8	1.8	1.8	1.8	1.5
Excise	3.2	3.4	3.3	3.2	3.4
Service Tax	0.1	0.2	0.3	0.5	0.5

\* *Provisional.*

\*\* *Budget Estimate.*

The cost of collection of indirect taxes has also come down over the years. The figures of cost of collection are tabulated below :

Head of duty	2001-02	2002-03	2003-04	2004-05
Customs	1.5%	0.9%	0.9%	0.8%
Central Excise & Service Tax together	0.8%	0.8%	0.8%	0.7%

#### 8.4 e-Governance :

- A System for Excise Revenue Monitoring (SERMON) and Indian Customs EDI System (ICES) for Customs were set up with the assistance of NIC have been extended to all Commissionerates. While both SERMON and ICES were operational at local levels, with a wider perspective of linking the Customs community through a single network, EDI Gateway (ICENET) Project was conceptualized in 2000 and has since been implemented.
- Initially there were only 22 ICES sites connected through the Gateway, 35 sites have since been connected.
- E-filing of Customs documents through the Gateway, on line assessment, duty payment and clearance procedures accounting for 80% of the country's international trade has been achieved.

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- More than 4 million documents are processed on line.
- User friendly features include service centres, touch screen kiosks, SMS enquiry and other web based facilities.
- A certificate authority licensed by the Department of Information Technology for certifying digital signatures to enable secure transactions within the organization and with its trading partners through the use of Public Key Infrastructure Technology has been set up in CBEC.
- A Risk Management System (RMS) for optimal use of resources by resorting to computer aided scrutiny of high risk consignments based on non- discretionary and objective criteria has been developed and tested at Air Cargo Sahar and will be rolled out to other places. The RMS is expected to contribute substantially to speedier customs processing.
- CBEC has also undertaken a major project for consolidation of its IT resources which include setting up of a National Data Warehouse, Wide Area Network connecting 500 offices in 245 cities.
- Development of a host of new applications viz. Automation of Central Excise and Service Tax (ACES), Advance Passenger Information Systems (APIS) and Automated Clearance of Courier Consignments etc are also underway.

### 8.5 Large Taxpayer Units (LTUs) :

Finance Minister in his Budget Speech for 2005-06 announced a proposal to establish Large Taxpayer Units (LTUs) in India which would service large taxpayers paying excise duty, income tax/corporate tax and service tax under a single window. Wide-ranging discussions were held with the representatives of the trade and industry for finalizing the framework and modalities of the scheme. Taking into account the views of trade, the following decisions were taken:

- In Phase-I, LTUs would be established in 5 cities - Bangalore, Chennai, Delhi, Kolkata and Mumbai.
- The participation in the LTU will be optional.
- The LTUs are expected to be operational during 2006-07.
- All corporate entities assessed to corporation tax at these five locations, which have paid central excise duty or service tax exceeding Rs 5 crore or corporation tax exceeding Rs 10 crore in the financial year 2004-05 would be eligible for inclusion in LTU in Phase-I. Only those entities would be eligible for inclusion in the LTUs who are presently assessed to income tax/corporation tax in these 5 cities and fulfill the threshold excise duty or service tax or corporation tax payment criteria.



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- These entities would accordingly be filing their excise & service tax returns, income tax/corporate tax returns in these LTUs from the implementation date and would be serviced by the LTUs for all the three tax matters thereafter.

### 8.6 Help Centres :

- Help Centres were set up in July, 2005 at all customs and central excise zones in pursuance of the announcement made by Finance Minister. This is in tune with the internationally accepted practice. The opening of these centres is a pioneering venture in public-private partnership in the sovereign function of tax collection with practically no extra cost to the exchequer.
- These centres provide an institutional mechanism for small taxpayers, assessees, importers, exporters and service-providers. They guide and educate the small taxpayers on all matters relating to customs, central excise and service tax. Specifically these centres are aimed to make the taxpayers and assessees aware of their rights and obligations besides briefing them on the desirability of voluntary tax compliance.

### 8.7 Trade Facilitation :

- Simplified customs clearance procedures for transshipment of cargo dispensing with sub-manifest transshipment permission and bank guarantee requirement initiated. Such automated trans-shipment procedure is expected to reduce customs dwell time from 3 days to 1 day.
- Expedited customs delivery of imported goods by use of risk management system for assessment and clearance has been introduced on pilot basis in port/airport.
- With the introduction of Risk Management Systems and self-assessment facility the Customs dwell time is expected to reduce from 64 hours to 3 hours. This will result in expeditious clearance of goods in customs ports/ airports enabling improved Customs procedural efficiency and more goods to be cleared resulting in overall enhancement of Customs revenue collections.
- Expeditious disposal and clearance of unclaimed/uncleared and confiscated cargo through E-auction of such goods periodically. During the year 2005-06, up to January, 2006, 67 e-auctions were conducted by Customs field formations disposing goods of value of Rs.31.23 crores.

## PERFORMANCE BUDGET 2005-2006

- Simplified uniform valuation procedure prescribed and permanent measures for clearance of long pending cargo through government approved valuers within a time bound manner is established.
- E-payment of Customs duty through nationalized banks with Core Banking Solution identified for reduction in dwell time in cargo clearance.
- Automated customs transaction processing system enables on-line filing of customs documents for import and export through internet from any part of the country.

### 9. CAPITAL INVESTMENTS :

#### 9.1 Procurement of Scanners :

- A proposal for procurement of electronic scanners for scanning the import and export cargo containers arriving for customs clearance so as to detect contraband drugs, arms and ammunition and other undeclared cargo was considered by the Committee of Secretaries and approved as a Pilot Project with two scanners to start with. Accordingly, a proposal for procurement and installation of one Mobile Gamma Ray Scanner and one Re-locatable X-Ray Scanner at Jawaharlal Nehru Port, Nhava Sheva was considered by the Committee of Non-plan Expenditure (CNE) and approval granted for procuring them through M/s ECIL at a total cost of Rs.31.27 crores on 1st July, 2003. The Mobile Scanner was commissioned on 29.03.2004 and the Re-locatable Scanner commissioned in June, 2005. Both are now operational and more than 100 containers are being scanned every day. There has been an increase of 36% in revenue collection after installation of the scanners. The number of seizures also increased from 32 in 2004 to 74 in 2005 involving an increase of 93% in the value of seized goods. Encouraged by the success of the Pilot Project, a proposal for procuring 3 more Mobile Scanners and 4 more fixed scanners for installation at Mumbai, Chennai, Tuticorin and Kandla has been taken up in the Second Phase, at an estimated cost of Rs.172.94 crore. The proposal has been approved by the CNE which met on 14th February, 2006. The proposal will be submitted to CCEA for approval shortly.

#### 9.2 Customs Marine Perspective Plan - Acquisition of Vessels and Fleet :

- In order to improve the effectiveness of Customs patrol over the territorial waters of the country, a proposal for acquiring modern and sophisticated Marine Fleet was prepared after an assessment of the requirement of various categories of vessels depending upon the

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needs and purposes for which they are deployed was made. A proposal for acquiring 109 vessels of different categories at a total cost of Rs.153.85 crores was approved by CCEA on 15.12.2004. The fleet of 109 vessels is to be procured in a phased manner over a period of three years. A Global Tender was floated and the bids received have been evaluated by a Technical Evaluation Committee. The commercial bids will be opened as soon as the recommendations of the Technical Evaluation Committee are accepted by the Ministry. The procurement will start after acceptance of the commercial bids and selection of the vendor for each category.

### 10. DEPARTMENT OF DISINVESTMENT

- 10.1** The Department of Disinvestment is primarily engaged in carrying out disinvestment of PSUs keeping in mind the policy of the Government and there are no schemes or projects that are being administered by the Department. The Budgeted targets for disinvestment and the amounts realized through disinvestment of Government equity in PSUs during the last two years are given in the table below:

*(Rs.in crores)*

Year	Budgeted targets	Proceeds from Disinvestment
2004-05	4,000	2764.87
2005-06	No target fixed	1567.60

- 10.2** During the year 2004-05, the total realization from disinvestment was Rs.2,764.87 crore. This consisted of Rs.2,684.07 crore from the sale of 432.9 million equity shares of Rs.10/- each comprising 5.25% of the Government equity in National Thermal Power Corporation Limited (NTPC), Rs.64.81 crore from sale of shares to the employees of IPCL and Rs.15.99 crore from carried over receipt on account of offer for sale in ONGC which was concluded in 2003-04.
- 10.3** In the budget for 2005-06, there is no target for disinvestment receipts. However, during 2005-06 (upto January, 2006), a sum of Rs.1567.60 crore, has been realized from the sale of 8% equity, out of Government's shareholding of 18.28% in Maruti Udyog Limited, to public sector financial institutions and banks through competitive bidding, with the market price as the bench mark.

## **CHAPTER IV**

### **REVIEW OF PERFORMANCE OF STATUTORY AND AUTONOMOUS BODIES UNDER MINISTRY OF FINANCE**

#### **1. DEPARTMENT OF ECONOMIC AFFAIRS :**

Securities and Exchange Board of India (SEBI) and Pension Fund Regularity Development Authority (PERDA) are two Autonomous Bodies under the administrative control of the Department. Out of the two, Government grant is given only to PERDA which was constituted through a Government resolution dated 10<sup>th</sup> October 2003 as a precursor to a statutory regulator and became operational from January 1, 2004. In pursuance of the announced in the Budget 2004-05 that suitable legislation to provide a regulatory framework for the scheme would be introduced in Parliament, the Pension Fund Regulatory and Development Authority Ordinance, 2004 was promulgated on 29<sup>th</sup> December 2004. A Bill replacing the Ordinance was introduced in Parliament on 21<sup>st</sup> March 2005 which was referred to the standing Committee on Finance. A proposal for amending the PERDA Bill, 2005 on the basis of recommendations of the Standing Committee is under Government's consideration

#### **2. DEPARTMENT OF EXPENDITURE :**

##### **National Institute of Financial Management (NIFM) :**

- The National Institute of Financial Management is an autonomous body (Society) registered under the Societies Registration Act 1860 headed by Finance Minister Government of India. This Institute has been set up with a view to establish itself as a premier knowledge - partner in the country for Training Research and Consultancy in Financial, Accounts & Audit, Public Economics, Human Resource Management and Information Technology. It is also mandated to organize training & continuing professional education to Group 'A' officers of participating services.
- The 12th Professional Training Course was completed in November, 2005. 12 probationers joined the programme. Training of 13th Batch of Probationers has commenced from 9th January, 2006 and 18 probationers have joined the course.
- The NIFM conducts Management Development Programmes of varying duration every year. Some of these programmes are sponsored by different Government Departments, Foreign Governments, World Bank etc. In addition various Govt. Departments, PSUs etc. sponsor candidates for the specialized courses conducted by the Institute During the year 2005, 40 programmes have been conducted. Currently the focus of MDPs is in the following areas.

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- a) Budgeting & Public Expenditure Management
- b) Accounting Systems & Financial Management in Government Procurement of Goods & Services
- c) Tendering & Contracting
- d) Public Financial Management
- e) Standard Rules & Procedures of the World Bank for Procedure of Good, Works & Services
- f) Cyber Crime & Forensics
- g) Value Added Tax.

■ The NIFM has been conducting MBA (Finance)/Post Graduate Diploma in Business Management (Financial Management) since year 2002. The new batch of PGDBM (FM) has commenced from 6th February, 2006. NIFM conducted a seminar on 'Role Authority & Accountability of Financial Advisers' in May, 2005. During the year 2005, four Consultancy Projects have been completed by NIFM. The following Consultancy Projects have been awarded to NIFM during the year:-

- Redesigning of Course Structure/Course Material for Training of Orissa Finance Service Officers with DFID funding.
- Enhancing Institutional Capacity of Royal Institute of Management, Royal Govt. of Bhutan

### 3. DEPARTMENT OF REVENUE :

#### National Institute of Public Finance & Policy :

1. The National Institute of Public Finance & Policy was established in 1976 at joint initiative of Ministry of Finance, Planning Commission, several major State Governments, distinguished academicians and eminent persons as an independent, non-profit organization and was registered as a Society under the Societies Registration Act, 1860. It is an independent Research and Training Organisation.
2. The Ministry of Finance is providing an annual recurring grant as follows:

*(Rs.in crores)*

Actual 2003-04	Actual 2004-05	BE 2005-06	RE 2005-06	Actual upto Dec., 2005
1.74	1.79	2.06	2.06	0.98

## REVIEW OF PERFORMANCE OF STATUTARY AND AUTONOMOUS BODIES UNDER MINISTRY OF FINANCE

- (a) Core grant to enable the Institute to meet a part of its recurring expenses. Currently, the core grant is given at the rate of Rs.15 lakhs per annum.
- (b) Additional grants to meet the liability arising on account of dearness allowance or pay revision of the core staff of the Institute following release of DA instalments and/or pay revision of Central Government employees and/or UGC scales of pay. The Institute follows the Central Government's rules regarding service conditions and also pay and allowances for its non-professional core staff. The scale of pay and allowances of the Institute's professional staff is based broadly on the pattern approved by the University Grants Commission for teaching staff in Universities and Colleges, as modified by the Governing Body, from time to time. No revision in the scale of pay and allowances in respect of the core staff is carried out without the approval of the Ministry of Finance.
- (c) The Institute has conducted 15 training programmes/workshops during the current financial year upto December, 2005. The highlights are as under:-
  - (i) Training programme on Introduction of VAT in association with SCOPE for representatives of Public Enterprises.
  - (ii) Capacity Building for Budgetary Analysis at the State Level: Western Region Media Workshop at Pune.
  - (iii) Refresher Course on Public Economics for College and University Teachers.
  - (iv) International Conference of the Advisory Board of UN-HABITAT (Nairobi).
  - (v) Workshop on Financing Local Service Delivery for the MDGs: Challenges & Opportunities.
  - (vi) Workshop on Strengthening Financial Management for National Rural Employment Guarantee Scheme.
- (d) The Institute also conducted six seminars during the period from April, 2005 to December, 2005 on such issues as VAT, Reforms in Pension System, The Educational and Fiscal Opportunities in Decentralisation, Transfers and Risk Sharing in Federation etc.
- (e) A Tax Research Cell has been set up in the Institute w.e.f. 9<sup>th</sup> June, 2005 with financial assistance of Rs.20 lakhs from the Department of Revenue for undertaking research work in Liaison with CBDT and CBEC.
- (f) The Cell is planning to produce a series of working papers addressing issues that emerge as of current and imminent interest, within the field of taxation in India. During the second and third quarter of the Financial year 2005-06, the Cell has prepared two working papers viz. (a) Tax Trends and issues in Tax Policy and Reform in India, & (b) Raising the Tax-ratio by Reining in the "Tax Breaks" and "Agenda for Action".
- (g) The ongoing work includes papers on issues and options in taxation of small scale industries, taxation of agricultural income and treatment of charitable institutions within the tax statutes.

## CHAPTER V

### “OUTCOME” OF THE OUTCOME BUDGET 2005-06

1. The OUTCOME BUDGET 2005-06 presented to the Parliament in the month of August, 2005 was a compilation of Outcomes/Outputs identified by Ministries/Departments in respect of Plan Schemes. Status of implementation of those schemes pertaining to the Ministry of Finance is depicted in the following notes and paragraphs:-

#### 1.1 UMBRELLA SUPPORT PROJECT FOR COUNTRY CO-OPERATION FRAMEWORK – II (CCF.II) :

- ❖ The CCF.II Scheme is being executed by Department of Economic Affairs with external assistance received from UNDP. The total allocation for implementing various sub-programmes under Umbrella Support Project has been kept at US \$ 3.2 million (**Rs. 14.68 crore**) under 10<sup>th</sup> Five Year Plan. The main objective of the programme is to provide a backing support to the CCF.II projects based on the lessons learnt from the CCF.I projects. It is designed to facilitate a number of broad spectrum support activities to provide a fast track mechanism for facilitating formulation of high quality development programmes for organizing cross cutting thematic support, advisory services, capacity building initiatives and disseminating best practices, thus drawing optimal value from CCF activities. Three projects envisaged under this programme are as under:-
  - (i) Preparatory assistance for livelihood
  - (ii) UNDP Government of India partnership for Clean Development Mechanism under the Kyoto Protocol; and
  - (iii) Development of Co-ordination and Decision Support System
- ❖ A budget provision of **Rs. 5.00 crore** was kept at **BE 2005-06**, which was later on reduced to **Rs. 2.00 crore at RE stage**. As per requirement of UNDP, the expenditure is obligatory transfer of foreign-aid and hence resource neutral. As on 31<sup>st</sup> January, 2006. expenditure of Rs. 1.49 crore has been incurred on various activities undertaken under the project.

#### 1.2 PUBLIC PRIVATE PARTNERSHIP IN INFRASTRUCTURE (PPP) :

- ❖ The scheme aims to promote Public Private Partnership in the infrastructure sector through provision of **viability gap funding**. Under

## PERFORMANCE BUDGET 2005-2006

this scheme, the viability gap funding would be only after the private sector company has subscribed and expanded the equity contribution required for the project and will be released in preparation to the debt disbursement remaining to be disbursed. Selection of private partner is through a process of competitive bidding.

- ❖ During the fiscal 2005-06 a total Plan provision of **Rs. 1500.00 crore** (Rs. 100.00 crore in Revenue and Rs. 1400.00 crore in Capital Sections) was made for target number of nine projects. This provision, however, has remained unutilized since the process for selection of the private partner involves a lengthy procedure of competitive bidding and so far no private party has come forward for participation in the competitive bidding. Keeping in view the bottlenecks involved, the BE provision was scaled down to **Rs. 49.19 crore** at **RE stage**. However, no expenditure has since been incurred up to December, 2005.

### 1.3 RAILWAY SAFETY WORKS :

- ❖ Contribution for Railway Safety Works against additional levies on motor spirit and high speed diesel. Under this scheme Cess money collected by the Government under Central Road Fund Act, 2000, is used for financing construction of railway over-bridges and railway safety works at unmanned railway crossings. A budget provision of Rs. 710.81 crore was made in BE 2005-06. The scheme is monitored by Ministry of Railways and Ministry of Finance is only allocating funds to Railways in consultation with Planning Commission under the above scheme.

### 1.4 WATER HARVESTING SCHEME SC/ST FARMERS THROUGH NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD) :

- ❖ The provision under this Plan scheme is for lending money on easy terms for nation-wide Water Harvesting Scheme to farmers belonging to Schedule Cast and Schedule Tribes. A 50% capital subsidy is being provided by the Central Government through NABARD for the purpose. A budget provision of **Rs. 3.81 crore** was kept at **BE 2005-06 stage**, it was subsequently enhanced to **Rs. 8.50 crore** at **RE stage**. As against a target of 15000 irrigation units, it is revised to 8000 units at RE stage, as on 31<sup>st</sup> December, 2005, a total of 3013 units have been financed with a total outlay of **Rs. 4.26 crore** including subsidy of **Rs. 2.12 crore**.

### 1.5 NATIONAL EQUITY FUND (NEF) SCHEME :

- ❖ The NEF Scheme was launched in 1987 and is jointly funded by Small Industries Development Bank of India (SIDBI) and Government of India with equal contributions. The objective of the Scheme is to provide equity type support to entrepreneurs for setting up new



## “OUTCOME” OF THE OUTCOME BUDGET 2005-2006

projects in tiny/small scale sector for undertaking expansion, modernization, technology up-gradation and diversification by existing tiny, SSI units and service enterprises irrespective of location. Assistance under NEF helps the small scale units in strengthening their equity base.

- ❖ The entire project cost to be covered under NEF is required to be funded in the following manner:-

Promoter's contribution	-	10% (minimum)
Equity (by way of soft loan)	-	25% (subject to max of Rs. 10 lakh)
Term loan	-	65%
Debt Equity Ratio	-	1.857 : 1

Credit risk in respect of assistance out of NEF is shared equally by Government of India and SIDBI.

- ❖ During the year 2005-06 a Plan outlay of **Rs. 22.00 crore** was provided for assisting SIDBI to provide equity support to small and tiny entrepreneurs for setting up of new projects. As against a target of 1000 units to be assisted under the scheme, a total number of 486 beneficiaries have been assisted and an expenditure of Rs. **7.0032 crore** has been incurred up to January, 2006.

**PERFORMANCE BUDGET 2005-2006**

**DEMAND WISE STATUS OF VARIOUS PLAN SCHEMES AS ON 31<sup>ST</sup> DECEMBER, 2005**

**STATEMENT SHOWING OUTCOME OF THE OUTCOME 2005-06**

**DEMAND NO.32 -DEPARTMENT OF ECONOMIC AFFAIRS :**

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2005- 2006(Rs. in Crores )		Quantifiable Deliverables	Risk Factor	Present Status
			BE	RE			
1.	<b>Major Head 2075 Umbrella Support Project Programme under Country Cooperation Framework (CCF II)</b>	This project will establish a fast track mechanism for facilitating formulation of high quality development programmes for organising cross cutting thematic support, advisory services, capacity building initiatives, and disseminating best practices, thus drawing optimal value from programme (CCF) activities.	<b>5.00</b>	<b>2.00</b>	Three projects were envisaged under the following programme: <b>1.Preparatory Assistance for Livelihoods:</b> This will have different activities for Capacity building involving various stakeholders and studies would be carried out to recommend strategies for livelihoods in Rajasthan and Orissa. <b>2. UNDP-GOI partnership for Clean Development Mechanism under the Kyoto Protocol.</b> This will involve capacity building of State level agencies for	The Umbrella Support Project by its very design imparts an element of flexibility, since its basic objective is to provide catalytic/filler support to other projects in CCF II programme between UNDP and GOI	An expenditure of Rs.76,23,673/-has been made in pursuance of capacity building activities. Recently, it has been decided to take out this project from the ambit of Umbrella Support Project Programame due to the widening of the scope of the project. <b>The project now will be executed by the Ministry of Rural Development under the Country Cooperation Framework of UNDP from the next financial year, 2006-07.</b>  An expenditure of Rs. 61,39,748/- has been made on various activities undertaken under the project. Five State level agencies have been selected for carrying out project activities envisaged under CDM. Further States are being involved for implementing projects on CDM Capacity Building.

**“OUTCOME” OF THE OUTCOME BUDGET 2005-2006**

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2005-2006(Rs. in Crores )		Quantifiable Deliverables	Risk Factor	Present Status
			BE	RE			
					<p>implementing small scale CDM projects that would involve feedback from donor agencies, state govts., and other user agencies. These State level agencies would also be provided support through studies for development of project design document as per the CDM requirements.</p> <p><b>3. Development of Coordination and Decision Support System:</b> This includes a study for review of existing systems and preparation of initial conceptual framework and further software development for the collection and development of knowledge base.</p>		<p>Draft concept note for the project as well as draft Terms of Reference for the CDSS advisor have been approved. Work Plan and Management Structure have been finalised. Steps have been initiated to appoint an international consultant and Project Manager.</p>

### PERFORMANCE BUDGET 2005-2006

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2005-2006(Rs. in Crores )		Quantifiable Deliverables	Risk Factor	Present Status
			BE	RE			
2.	<b>Major Heads 3475&amp;5475 Public Private Partnership (PPP) in Infrastructure</b>	To promote Public Private Partnership in the infrastructure sector through provision of Viability Gap Funding (VGF).	1500	49.10	9 Projects	New Scheme declared in August, 2005 after Cabinet decision. Under the new scheme, the Viability Gap Funding (VGF) would be disbursed only after the Private Sector Company has subscribed and expended the equity contribution required for the project and will be released in proportion to debt disbursements remaining to be disbursed thereafter. The proposals are received prior to the selection of the Private Partner that is required to be done through competitive	At the RE stage the amount was restricted to Rs.49.19 crore. No utilization of funds under the scheme during the current financial year is anticipated.

**“OUTCOME” OF THE OUTCOME BUDGET 2005-2006**

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2005-2006(Rs. in Crores )		Quantifiable Deliverables	Risk Factor	Present Status
			BE	RE			
						bidding. Hence, due to the time lag involved in various stages, immediate disbursement under the scheme is not possible.	
3	Contribution for Railways Safety Works against additional levies on Motor Spirit and High Speed Diesel.	Cess money under Central Road Fund Act 2000 to be used for financing construction of railway over-bridges and Road under bridges railways safety works at unmanned railway level crossings.	710.81	710.81		Proposal for construction of road over and under bridges in-lieu of existing busy manned level crossings on cost sharing basis where traffic density is more than one lakh train vehicle units (TVUs) is sponsored by the respective State Govts and local bodies.	Railway Board monitors the implementation of various works taken up in this regard. Till December, 2005, Rs.52.35 crore has been spent or construction of roads over bridges and roads under bridges against the target of 30 Nos. physical achievement as at December, 2005 has 15 Nos. As regards level crossing Rs.57.05 crore has been spent as at December, 2005 physical achievements as against the target as at 31st December, 2005 has as below:- Interlocking      300 Nos.    194 Nos. Telephone        300 Nos.    146 Nos. Manning           365 Nos.    141 Nos.

## PERFORMANCE BUDGET 2005-2006

### DEMAND NO.34 PAYMENT TO FINANCIAL INSTITUTIONS

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2005-2006(Rs. in Crores )		Quantifiable Deliverables	Processes/ Timelines	Risk Factor	Present Status
			BE	RE				
4.	<b>Major Head 2416 Grants in Aid – Water Harvesting Scheme for SC/ST farmers through NABARD</b>	To subsidies farm ponds for SC and ST farmers to raise the incomes of these weaker sections of society.	<b>3.81</b>	<b>8.50</b>	Initial targets of 15000 units has been reduced to 8000 units at R.E. 2005-06. 8000 ponds to be constructed.	Clearance to be obtained for scheme by September, 2005. Physical and financial targets 2 <sup>nd</sup> quarter- Rs.81 lacs- 3000 ponds 3 <sup>rd</sup> quarter- Rs.1.5 crores- 6000 ponds 4 <sup>th</sup> quarter- Rs. 1.5 crores- 6000 ponds	1) Adequate number of landowning farmers of this group who have no loan over dues and are willing and eligible to draw bank finance, must be financed. 2) Time taken for fulfilling loan drawal condition is likely to lead to delay.	Approval of EFC is yet to be obtained. No funds have been released by Govt. to NABARD till date. Revision in target from 15,000 to 8000 units and allocation has been approved by Finance Minister. However, as reported by NABARD, till Dec. 2005, 3013 units have been financed with a total outlay of Rs.4.26 crores including subsidy of Rs.2.12 crores.

**“OUTCOME” OF THE OUTCOME BUDGET 2005-2006**

Sl. No.	Name of Scheme	Objective/ Outcome	Outlay 2005-2006(Rs. in Crores )		Quantifiable Deliverables	Processes/ Timelines	Risk Factor	Present Status
			BE	RE				
5.	<b>Major Head 2885 Small Industries Development Bank of India (SIDBI) (National Equity Fund)</b>	Assist SIDBI to provide equity support to small and tiny entrepreneurs for setting up new projects.	<b>22.00</b>	<b>22.00</b>	Around 1000 units to be assisted.	100 units by June 200 units by September 300 units by December 400 units by March Release to NEF will be done by September.	Availability of adequate number of eligible entrepreneurs with bankable projects.	As reported by SIDBI, 486 beneficiaries have been sanctioned an amount of Rs.24.75 crore till Dec. 2005 against which Rs. 7 crore has been released till January, 2006. Efforts are being made to achieve 100% results.

**DEMAND NO. 39 - DEPARTMENT OF EXPENDITURE**

**NATIONAL INSTITUTE OF FINANCIAL MANAGEMENT SOCIETY**

Sl. No.	Name of Scheme	Objective/ Outcome	Outlay 2005-2006(Rs. in Crores )		Quantifiable Deliverables Physical Outputs	Processes/ Timelines	Present Status
			BE	RE			
6.	Central Plan Scheme for funding 15 seats to high level Professional Course covering basic elements of MBA (Finance) for the Officers of North Eastern/ Special Category/ BIMARU States.	Development of Finance Professionals in North Eastern/ Special Category States.	<b>0.50</b>	<b>0.45</b>	14 Officers from NE/Spl. Category States joined the programme in January, 2005 and will complete the programme in November, 2006.	2 years	Fourteen officers (UP-2, Sikkim-1, Tripura-2, Uttranchal-2, Orissa-5, Assam-1 and Gujarat-1) joined the programme in January, 2005 have since completed two semesters and are currently in the third semester.