



OUTCOME BUDGET 2012-13

MINISTRY OF FINANCE

# **Outcome Budget**

## **2012-2013**



सत्यमेव जयते

**Ministry of Finance**  
Government of India

अर्थमूलं कार्यम्

**Outlays for Outcomes**

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## **PREFACE**

The “**Outcome Budget**” reflects the endeavour of the Government to convert “**Outlays**” into “**Outcomes**” by planning expenditure, fixing appropriate targets and quantifying deliverables of each scheme. The “Outcome Budget” is an effort of the Government to be transparent and accountable to the people.

In addition to an Executive Summary, the Outcome Budget 2012-13 contains seven chapters relating to the Demands for which the Outcome Budget is to be prepared. These are Economic Affairs, Financial Services, Expenditure, Revenue, Direct Taxes, Indirect Taxes and Disinvestment. The chapters discuss the statement of outlays and outcomes; reform measures; policy initiatives and programmes initiated; review of past performance; financial review for three years and a review of the performance of statutory and autonomous bodies.

## EXECUTIVE SUMMARY

The Ministry of Finance is responsible for the administration of the finances of the Central Government. It is concerned with economic and financial matters affecting the country as a whole. It mobilizes resources for development, regulates expenditure of the Central Government and deals with transfer of resources to states. It works with other Ministries/ Departments, States/UTs, Reserve Bank of India, Public Financial Institutions and other stake holders for evolving policies for economic development, setting priorities for expenditure, seeking Parliamentary approval to the Budget and ensuring propriety in utilisation of funds. The Ministry has strategic association with multilateral agencies and foreign Governments. The Ministry administers the following thirteen Demands.

| DEMAND NO. | DEPARTMENT   |
|------------|--|
| 32         | Department of Economic Affairs                     |
| 33         | Department of Financial Services                   |
| 34         | Appropriation - Interest Payments                  |
| 35         | Transfers to State and Union Territory Governments |
| 36         | Loans to Government Servants, etc.                 |
| 37         | Appropriation - Repayment of Debt                  |
| 38         | Department of Expenditure                          |
| 39         | Pensions   |
| 40         | Indian Audit and Accounts Department               |
| 41         | Department of Revenue                              |
| 42         | Direct Taxes                                       |
| 43         | Indirect Taxes                                     |
| 44         | Department of Disinvestment                        |

Six Demands, viz 34 - Interest Payments, 35 - Transfers to State and Union Territory Governments, 36 - Loans to Government Servants, etc., 37 - Repayment of Debt, 39 - Pensions and 40 - Indian Audit and Accounts Department are specifically exempted from the purview of outcome budgeting. Summary of Budgetary provisions for all 13 Demands under the Ministry is given in the Annexure to this Executive Summary.

A brief summary of the Outcome Budget 2012-13 of the Ministry is presented below:

### Demand No. 32- Department of Economic Affairs

The Department of Economic Affairs is the nodal Department of the Union Government which formulates the country's economic policies and programmes and programmes having a bearing on domestic and international aspects of economic management. This Department prepares the Annual Union Budget (excluding the Railway Budget) and the Economic Survey. Some key activities and programmes are mentioned below:-

- Contribution for Railway Safety Works (₹ 1102.45 crore) against additional levies on Motor Spirit & High Speed Diesel (Plan) - Under this scheme during 2012 - 13 the Ministry of Railways have targeted to strengthen the safety at level crossing by providing manning at 2500 locations, 150 lifting barriers and providing basic infrastructure at 1000 locations. All manned gates will be provided with telephone. It is also proposed to construct 500 limited height subways and 200 numbers of Road over/ under bridges.
- The Scheme for Financial Support to PPPs in Infrastructure provides Viability Gap Funding (VGF) to PPP projects up to 20 per cent of the Total Project Cost (TPC) of the project. So far 111 projects have been granted approval with Total Project Cost (TPC) of ₹ 61826.28 crore and VGF support of ₹ 11996.87 crore. However, the actual level of VGF amount of these proposals will be known once the bidding process is completed. The financial closure has been achieved for 25 projects. 14 projects in Madhya Pradesh and Gujarat have been awarded on premium where no VGF support will be required. An amount of ₹332.23 crore has been disbursed till December, 2011 under the VGF Scheme. A budget provision of ₹ 437.55 crore has been made in the BE 2012-13 based on sponsoring Authority requirements and the number of projects already granted final approval.
- The India Infrastructure Project Development Fund (IIPDF) Scheme assists up to 75 per cent of the total Project Development Expenses of PPP projects. So far, 49 projects have been approved with an IIPDF assistance of ₹ 60.06 crore. ₹ 1.32 crore, ₹ 7.55 crore and ₹ 7.00 crore has been disbursed under the Scheme in 2008-09, 2009-10 and 2010-11 respectively. Around ₹ 2.56 crore has been disbursed during 2011-12, up to December, 2011.
- A provision of ₹ 225.00 crore has been made for Interest Equalization Support to Exim Bank of India during 2012-13. The scheme was started in 2003-04. During the period of 8 years, 155 Government of India supported lines of credit through Exim Bank of India involving collective

amount of credit of US \$ 8749.67 million have been approved. These lines of credit have been extended to 61 developing countries situated in different continents of the world. We have disbursed ₹ 118.87 crore, ₹ 127.70 crore and ₹ 123.40 crore, in 2009-10, 2010-11 and 2011-12 (up-to December, 2011) respectively.

### Demand No. 33- Department of Financial Services

The Department of Financial Services (DFS) is responsible for issues relating to Public Sector Banks, Financial Institutions, Agricultural Credit, Public Sector Insurance Companies and Pension Reforms. The key activities are summarized below:-

- Under the Scheme of Interest Subvention for providing Short Term Credit to Farmers, the provision of ₹ 4868.00 crore in BE 2011-12 was reduced to ₹ 4000.00 crore in RE 2011-12. ₹ 1422.96 crore was released upto December, 2011. There is a provision of ₹ 6000.00 crore for this Scheme during 2012-13.
- ₹ 6000.00 crore was provided for capitalization of Public Sector Banks (PSBs) in BE 2011-12 to enable the PSBs to maintain their Capital to Risk Weighted Asset Ratio (CRAR) at 8% and also to raise Government of India's holding in all PSBs to 58%. This was increased to ₹ 12000.00 crore in RE 2011-12. A provision of ₹ 14588.00 crore is proposed for recapitalisation of PSBs in 2012-13.
- Government provides equity support to Export Import (EXIM) Bank of India and India Infrastructure Finance Co. Ltd. (IIFCL) to raise their paid up capital within their authorized capital. ₹ 300.00 crore for EXIM Bank and ₹ 500 crore for IIFCL is proposed to be released during 2011-12. Provision of ₹ 200.00 crore for EXIM Bank and ₹ 400.00 crore for IIFCL is proposed in BE 2012-13.
- ₹ 500.00 crore was provided for recapitalization of Regional Rural Banks (RRBs) in BE 2011-12 to help them bring their CRAR to 7% and further to 9% in a time bound manner. (₹ 110.83 crore was released upto December, 2011. A further provision of ₹ 200.00 crore is proposed in BE 2012-13 for this purpose.)
- To encourage people from unorganized sector to save for their retirement by enrolling under New Pension System (NPS), 'Swavalamban Scheme' was launched during 2010-11 which provides for Government's contribution of ₹ 1000.00 in the NPS account of the subscribers. A provision of ₹ 220.00 crore was made in BE 2011-12 for the Scheme which is reduced to ₹ 110.00 crore in RE 2011-12. A further provision of ₹ 220.00 crore is proposed for this Scheme in BE 2012-13.
- A provision of ₹ 1000.00 crore in 2011-12 and ₹ 500.00 crore in 2012-13 is made for augmenting the capital base of NABARD to enable it to enhance its borrowing capacity to meet its developmental mandate.

- Women's Self Help Groups (SHGs) Development Fund with a corpus of ₹ 500.00 crore has been created in NABARD to empower women by promoting their SHGs. A provision of ₹ 100.00 crore for this Fund has been made in 2011-12. A further provision of ₹ 200.00 is proposed for this Fund in BE 2012-13.

### Demand No. 38 - Department Of Expenditure

The Department of Expenditure is responsible for Public Expenditure Management System in the Union Government and for matters connected with State finances. It oversees the expenditure management in the Central Ministries / Departments and monitors implementation of recommendations of the Expenditure Reforms Commission. It coordinates the Outcome Budget of different Ministries/Departments, releases funds to State Governments for implementing developmental work and monitors matters relating to the Central Plan. Key activities are summarized below:

- The important flagship schemes for which funds were provided under the Plan has in 2011-12 included Accelerated Irrigation Benefit Programme (AIBP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), National Social Assistance Programme (NSAP), Border Area Development Programme, Hill Area/ Western Ghats Development Programme, National E-Governance Programme, Backward Regions Grant Fund Scheme etc. Against an outlay of ₹ 80741.61 crore in BE 2011-12 for Central Assistance to State Plans in Demand 35 of Department of Expenditure, ₹ 61138.93 crore has been released as on 15.02.2012. A Budget provision of ₹ 99543.00 crore for State Plan Schemes has been made for the financial year 2012-13, which is an enhancement of 23.29% against BE 2011-12 of ₹ 80741.61 crore.
- Between 1 January and 31 December, 2011, 50 meetings of the Expenditure Finance Committee (EFC) chaired by Secretary (Expenditure) considered Plan Investment Proposals/Schemes of various Ministries/Departments costing ₹ 58042.42 crore. During this period 5 meetings of Public Investment Board (PIB) cases were held involving an amount of ₹ 15833.57 crore.
- An outlay of ₹ 4.00 crore under Revenue Section has been provided in 2012-13 for the Central Plan Scheme for enhancing training capacity of National Institute of Financial Management (NIFM). Out of this, the provision of ₹ 3.00 crore is targeted to train 50 officers of the Central/ State/UT Governments for high level professional course covering basic elements Post Graduate Diploma in Business Management (PGDBM) - Finance. In the year 2011-12, 40 candidates were sponsored including the Central Government (15), State Governments of Andhra Pradesh (1), Bihar (2), Himachal Pradesh (2), Madhya

Pradesh (1), Kerala (1), Manipur (5), Mizoram (2), Orissa (2), Rajasthan (4), Tamil Nadu (1), Tripura (1), Uttar Pradesh (1), Uttarakhand (2) and also Private Sector (2) have participated. The provision of ₹ 1.00 crore under Revenue Section is for providing one year training programme to 20 officers of Central / State / UT Governments in Post Graduate Programme in Financial Markets, in collaboration with National Stock Exchange.

#### **Demand No. 41- Department of Revenue**

The Department of Revenue exercises control in respect of matters relating to all Direct and Indirect Taxes through two statutory Boards, namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC). Key activities are summarized below:-

- Under Demand No.41 - Department of Revenue, major expenditure is towards Compensation to States/Union Territory Governments on account of phasing out of Central Sales Tax (CST) which is budgeted at ₹ 300 crore for 2012-13. The second major expenditure is towards VAT related expenditure which is budgeted at ₹ 200 crore for 2012-13. The other non-Plan expenditure included in the Outcome Budget is expenditure related to implementation of VAT scheme, setting up of Tax Information Exchange System (TINXSYS) and expenditure on Government Opium & Alkaloid Works.
- The successful implementation of VAT in all States has been an achievement. VAT Compensation amounting to ₹ 19002.82 crore has been released to the States which include ₹ 2471.27 crore released in 2005-06, ₹ 4092.13 crore in 2006-07, ₹ 3880.48 crore in 2007-08, ₹ 4361.95 crore in 2008-09, ₹ 3002 in 2009-10, ₹ 879.17 crore in 2010-11 and ₹ 315.82 crore in 2011-12 (till 31st December 2011). Claims of all the States have been settled.
- CST rate has been reduced from 4% to 3% w.e.f. 1st April, 2007 and further from 3% to 2% w.e.f. 1.6.2008. Compensation amounting to ₹ 30860.42 crore has been released to the States which includes ₹ 2168.88 crore released in 2007-08, ₹ 1950 crore in 2008-09, ₹ 8735.18 crore in 2009-10, ₹ 13833.78 crore in 2010-11 and ₹ 4172.58 crore (till 31st December 2011).
- A total of ₹ 500 crore has been provided in BE 2012-13 for compensation of losses on account of CST & VAT, VAT implementation related expenditure and for modernization of State Tax Administration including setting up/upgradation of two institutes for taxation studies in States/UTs. The compensation to States/UTs towards implementation of VAT/CST Scheme and VAT related expenditure constituted about 86.81% of the total expenditure under the grant in 2011-12 and 42.42% in 2012-13.

- The Mission Mode Project for Computerization of Commercial Taxes Administrations of the State Government with overall cost of ₹ 1133.41 crore has been approved and an amount of ₹ 422.98 crore released as Central share till 31st December 2011, which includes ₹ 145 crore released in 2009-10, ₹ 206.32 crore in 2010-11 and ₹ 71.66 crore in 2011-12 (till December, 2011).
- Government Opium & Alkaloid Works at Ghazipur and Neemuch are processing raw opium for exports, manufacturing of opium alkaloids and other related functions. They realized revenue of ₹ 237.54 crore in 2010-11 against the BE of ₹ 308 crore. In 2011-12, they have realized a revenue of ₹ 289.40 crore (till December 2011) against the RE of ₹ 432.47 crore.
- The Smart Card Project for Poppy Cultivators has been expanded in 2007-08 to cover all 17 Opium Divisions. The project once fully and successfully implemented will enable monitoring of various cultivation activities and would also be useful for policy level decisions.
- A system of monthly report by Administrative and Coordinating Units of respective items under Outcome Budget has been introduced. Monthly and Quarterly review of trends of expenditure and progress under Outcome Budget is done at the Department/Ministry level. Project Monitoring/ Implementation Committee have been established to review the implementation of major project items. For coordinated efforts and faster decision making in massive computerization endeavours of CBDT and CBEC, an Empowered Committee is also functional where eminent experts from Private Sector are also members.

#### **Demand No. 42 - Direct Taxes**

The Central Board of Direct Taxes (CBDT) is the apex body entrusted with the responsibility of administering direct tax laws in India. The CBDT is also assisted by 17 Directorates which function as its attached offices. Various Chief Commissioners of Income Tax supervise collection of direct taxes and provide taxpayers services across the country whereas Directors General of Income Tax (Investigation) supervise the investigation machinery, with the aim to curb tax evasion and unearth unaccounted money. There are also appellate machineries comprising of Commissioners of Income Tax (Appeals) who perform the quasi-judicial task of deciding appeals against orders of assessing officers. The key activities are summarized below:-

- An outlay of ₹ 225.00 crore has been provided in Budget Estimates 2012-13 under 'Information Technology' to be spent, inter alia, on following major programmes/schemes:-



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|--|--|
| <ul style="list-style-type: none"> <li>* Perspective Plan for Phase-III of Comprehensive Computerisation Programme in the Income Tax Department-- System Integration           <ul style="list-style-type: none"> <li>- All India Tax network</li> </ul> </li> <li>* Tax Information Network (TIN)</li> <li>* Business Process Re-engineering</li> <li>* Taxpayers Services</li> <li>* Aaykar Sampark Kendras</li> <li>* e-filing of ITRs</li> <li>* e-Payment of taxes</li> <li>* on-line tracking of refunds</li> <li>* Centralised Processing Centre of Income Tax Returns - (both paper based &amp; e-filed)</li> <li>* Centralised Processing Centre for TDS returns</li> <li>* On-line monitoring system for accounting - of revenue receipts &amp; expenditure</li> </ul> | <ul style="list-style-type: none"> <li>➤ The Directorate of Infrastructure of the Income Tax Department has put in place a mechanism for preparation and monitoring of Asset Register containing the assets like land, office buildings, residential quarters, vehicles and furniture etc. whose book value is above ₹ 2.00 lakh each. The value of such assets as on 31.03.2011 is ₹ 4408.71 crore.</li> <li>➤ The actual expenditure (provisional) in 2010-11 under this grant was ₹ 4270.24 crore against the Revised Estimates of ₹ 4345.31 crore which shows an utilisation of 98.27%. In FY 2011-12, actual expenditure till Dec 31, 2011 stands at ₹ 2351.29 crore against the Revised Estimates of ₹ 3315.78 crore which shows an utilization of 70.91%.</li> </ul> <p style="text-align: center;"><b>Demand No.43-Indirect Taxes</b></p> <p>This Demand relates to the establishment of field formations under Central Board of Excise &amp; Customs, formulation of policy relating to levy and collection of Customs and Excise Duties, Service Tax, prevention of smuggling and evasion of duties. Key activities are mentioned below:</p> <ul style="list-style-type: none"> <li>➤ The revised cost of ₹ 598.97 crore for the Information Technology Infrastructure Consolidation Project of CBEC was approved by the CCEA and the project is under implementation. Comprehensive computerization comprising of setting up of Wide Area/Local Area Network linking all Offices, Seaports, Airports, Container Depots, setting up of Data Warehouse, Automation of Central Excise and Service Tax, setting up of Risk Management Systems for easy clearance of imports etc. was taken up. Contracts for implementation of various components of the Project were awarded to the vendors. Most of the components have almost been completed. ₹ 84.46 crore, ₹ 167.17 crore, ₹ 186.41 crore and ₹ 145.53 crore have been spent on on IT consolidation projects as well as other IT projects for the years 2007-08, 2008-09, 2009-10 and 2010-11 respectively. During 2011-12, ₹ 87.33 crore have been spent up December, 2011.</li> <li>➤ The Risk Management System (RMS) is operational in all major Customs Ports/ Airports covering more than 95% of India's international trade. A new upgraded version of RMS is operational at 69 locations.</li> <li>➤ Procurement of 7 more Container Scanners (3 Mobile Gamma Ray Scanners and 4 Fixed X-ray Scanners) for facilitating cargo clearance is underway. Mobile Scanners are expected to be commissioned in 2012-13 and Fixed Scanners in 2013-14. 109 Marine Vessels for strengthening anti-smuggling operations in the territorial waters are also being procured and 95 vessels were received up to December, 2010. All vessels are expected to be received within Financial Year 2011-12.</li> </ul> |
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- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>➤ An outlay of ₹ 777.48 crore has been provided under Capital section in BE 2012-13 for purchase/construction of office accommodation at various places including completion of acquisition of office space in MCD Civic Centre at Delhi, construction of an advanced training centre at National Academy of Direct Taxes, Nagpur, construction of office building at Noida, Bangalore, Nariman Point, Mumbai, construction of RTI building Mohali, construction of office cum residential building at Lucknow and Srinagar and construction of guest house at Golf Links, New Delhi.</li> <li>➤ An outlay of ₹ 30.00 crore has been provided under Capital section in BE 2012-13 for construction of residential quarters at Pune &amp; Jammu.</li> <li>➤ The initiatives and measures undertaken by the Department have focused on simplification of tax laws and procedures, better facilities to taxpayers and minimizing the human interface between the taxpayers and the officials. These, inter alia, include facilities for online preparation and filing of Income Tax Returns, centralized processing of returns, Refund Banker scheme which includes direct credit of refunds to taxpayers' account through ECS, e-payment of taxes, on-line tracking of refunds, Tax Return Preparer Scheme (TRPS), setting up of 60 Aaykar Sewa Kendras for single window Tax Payer Services, Aaykar Sampark Kendras (call centres) etc. Also a 'Sevottam' scheme with a view to bring in excellence in public service delivery based on a newly rewritten Citizens' Charter has been initiated.</li> </ul> |  |
|--|--|

A total provision of ₹ 87.15 crores has been made for the year 2012-13. ₹ 27.42 crore, ₹ 99.88 crore, ₹ 78.64 crore and ₹ 33.20 crore have been spent for the years 2007-08, 2008-09, 2009-10 and 2010-11 respectively under these schemes. During 2011-12, ₹ 2.95 crore have been spent up to December, 2011.

- Single Window Service for Large Tax Payers paying excise duty, income tax/corporate tax and service tax has been set up at Bengaluru, Chennai, Mumbai and Delhi. Any person or company who has paid income tax/corporate tax of more than ₹ 10 crore or excise duty of ₹ 5 crore or service tax of ₹ 5 crore during any previous year can opt to function as large taxpayer by giving consent to the concerned Large Taxpayer Unit.
- Capacity building and improvement in infrastructure of various field units have been taken up by way of utilization of the 1% incremental revenues of ₹ 71.42 crore and ₹ 113.63 crore collected during 2005-06 and 2006-07 respectively. Expenditure of ₹ 29.41 crore, ₹ 16.12 crore, ₹ 27.70 crore and ₹ 13.03 crore have been incurred on this account during 2007-08, 2008-09, 2009-10 and 2010-11 respectively. During 2011-12, funds of ₹ 14.82 crore have been released to field formations in respect of various schemes. For the year 2012-13, a provision of ₹ 32.00 crore has been made.

#### **Demand No. 44 - Department of Disinvestment**

Department of Disinvestment is responsible for disinvestment of Government shareholding in CPSEs. Additionally, it deals with all matters relating to sale of Central Government equity through offer for sale or private placement in erstwhile CPSEs.

#### **APPROACH**

Presently, the following approach has been adopted for disinvestment:

- i. Already listed profitable Central Public Sector Enterprises (CPSEs) not meeting the mandatory public shareholding of 10% are to be made compliant by public offering out of Government shareholding or issue of fresh equity by the CPSEs concerned or a combination of both;
- ii. All unlisted CPSUs having positive net worth, no accumulated losses and having earned net profit for three preceding consecutive years, are to be listed through public offerings out of Government shareholding or issue of fresh equity by the company or a combination of both;

iii. Further public offerings by listed CPSEs taking into consideration their capital investment requirements with Government of India simultaneously or independently offering a portion of its shareholding in such CPSEs.

iv. All cases of disinvestment are to be decided on a case by case basis as each CPSE has different equity structure, financial strength, fund requirement, sector of operation, etc., factors that will not permit a uniform pattern.

v. Government retains at least 51 per cent equity and management control in all cases of disinvestment through public offerings.

#### **Benefits of disinvestment -**

(i) Disinvestment and listing of CPSEs on stock exchanges which at a policy level takes the economic reform agenda forward and inter alia,

- Improves corporate governance.
  - \* Higher disclosure levels as mandated by SEBI/stock exchanges and under Company law bring in greater transparency and answerability. The oversight mechanism therefore becomes robust and multilayered.
  - \* Enhanced corporate governance with the induction of independent Directors.
  - \* Higher levels of investor focused scrutiny and research demand adherence to professional conduct of business resulting in improved corporate culture.
  - \* The company will be subject to market discipline that helps improve the working culture both at the managerial level as well as at the shop floor level. Day to day variations in trading price not only benchmark the performance with the competition but also signifies the impact of everyday events.
- Develops and deepens the capital market through spread of equity culture.
  - \* The process of listing of CPSEs on stock exchanges facilitates development and deepening of capital market and spread of equity culture.
  - \* Resources locked in sectors developed enough to raise money from the market are channelized into areas of economy that are less likely to access resources for the market because of their stage of economic development.
  - \* When more resources are used for infrastructure development, it creates jobs for large number of unemployed and simultaneously provides platform for higher economic growth.
- (i) This also creates fiscal space for relocation of resources locked in CPSEs.



➤ Unlocks true value of the Enterprises for all stakeholders, namely, investors, employees of the CPSE concerned, the Company and the Government.

\* Consequent to listing, the CPSEs will be able to approach the capital market to raise resources for their capital expenditure requirements as is the case among private companies. Thus, the dependence on Government funding will be reduced.

(ii) Raise budgetary resources for the Government.

#### **Utilization of Disinvestment proceeds.**

➤ The resources mobilized through disinvestment are channelized into the 'National Investment Fund' (NIF). The income of the fund is used to finance social sector schemes which promote education, health and employment and also to meet the capital investment requirements of profitable and revivable CPSEs to finance their expansion/diversification.

➤ However, in view of the difficult economic situation caused by the global slowdown of 2008-09 and a severe drought that was likely to adversely affect the 11th Plan growth performance, the Government, in November 2009, has decided that all proceeds from disinvestment of CPSEs deposited in the NIF over a period of three years from April 2009 to March, 2012 will be utilized in full to meet

capital expenditure requirements of social sector schemes decided by Planning Commission/Department of Expenditure. The status quo ante of NIF will be restored from April, 2012.

Thus, from April 2009, the disinvestment proceeds are being routed through NIF to be used in full for funding capital expenditure of the following social sector programmes of the Government, namely:-

- (i) Mahatma Gandhi National Rural Employment Guarantee Scheme
- (ii) Indira Awas Yojana
- (iii) Rajiv Gandhi Gramin Vidyutikaran Yojana
- (iv) Jawaharlal Nehru National Urban Renewal Mission
- (v) Accelerated Irrigation Benefits Programme
- (vi) Accelerated Power Development and Reform Programme

#### **Budget target**

The budgetary target for disinvestment for 2011-12 is ₹ 40,000 crore. The Government has, till December, 2011, realized an amount of ₹ 1144.55 crore from disinvestment of 5% paid-up equity capital of Power Finance Corporation Ltd in conjunction with issue of fresh equity of 15% paid-up capital by the Company through a Further Public Offer in the domestic market.

| Description                             | Actuals 2010-2011 |           | Budget Estimates 2011-2012 |          | Revised Estimates 2011-2012 |           | Budget Estimates 2012-2013 |           |           |          |           |           |
|---|-------------------|-----------|----------------------------|----------|-----------------------------|-----------|----------------------------|-----------|-----------|----------|-----------|-----------|
|   | Plan              | Non-Plan  | Plan                       | Non-Plan | Plan                        | Non-Plan  | Plan                       | Non-Plan  |           |          |           |           |
|   | Total             | Total     | Total                      | Total    | Total                       | Total     | Total                      | Total     |           |          |           |           |
| <b>DEPARTMENT OF ECONOMIC AFFAIRS</b>   |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>DEMAND NO. 32</b>                    |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>Total-Revenue Section</b>            | 2865.62           | 3305.45   | 6171.07                    | 2581.26  | 4367.40                     | 6948.66   | 3685.58                    | 3966.68   | 7652.26   | 4704.90  | 4376.45   | 9081.35   |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | 2865.62           | 3305.45   | 6171.07                    | 2581.26  | 4367.40                     | 6948.66   | 3685.58                    | 3966.68   | 7652.26   | 4704.90  | 4376.45   | 9081.35   |
| <b>Total-Capital Section</b>            | 125.00            | 7961.70   | 8086.70                    | 499.37   | 14184.19                    | 14683.56  | 300.00                     | 12800.17  | 13100.17  | 437.55   | 59523.54  | 59961.09  |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | 125.00            | 7961.70   | 8086.70                    | 499.37   | 14184.19                    | 14683.56  | 300.00                     | 12800.17  | 13100.17  | 437.55   | 59523.54  | 59961.09  |
| <b>Total (Revenue &amp; Capital)</b>    | 2990.62           | 11267.15  | 14257.77                   | 3080.63  | 18551.59                    | 21632.22  | 3985.58                    | 16766.85  | 20752.43  | 5142.45  | 63899.99  | 69042.44  |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | 2990.62           | 11267.15  | 14257.77                   | 3080.63  | 18551.59                    | 21632.22  | 3985.58                    | 16766.85  | 20752.43  | 5142.45  | 63899.99  | 69042.44  |
| <b>DEPARTMENT OF FINANCIAL SERVICES</b> |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>DEMAND NO. 33</b>                    |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>Total-Revenue Section</b>            | ...               | 34874.75  | 34874.75                   | 50.00    | 15841.94                    | 15891.94  | 200.00                     | 7547.96   | 7747.96   | 200.00   | 8335.23   | 8535.23   |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | ...               | 34874.75  | 34874.75                   | 50.00    | 15841.94                    | 15891.94  | 200.00                     | 7547.96   | 7747.96   | 200.00   | 8335.23   | 8535.23   |
| <b>Total-Capital Section</b>            | 7430.00           | 15120.63  | 22550.63                   | 7800.00  | 14.00                       | 7814.00   | 14000.00                   | 14.01     | 14014.01  | 15888.00 | 14.01     | 15902.01  |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | 7430.00           | 15120.63  | 22550.63                   | 7800.00  | 14.00                       | 7814.00   | 14000.00                   | 14.01     | 14014.01  | 15888.00 | 14.01     | 15902.01  |
| <b>Total (Revenue &amp; Capital)</b>    | 7430.00           | 49995.38  | 57425.38                   | 7850.00  | 15855.94                    | 23705.94  | 14200.00                   | 7561.97   | 21761.97  | 16088.00 | 8349.24   | 24437.24  |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | 7430.00           | 49995.38  | 57425.38                   | 7850.00  | 15855.94                    | 23705.94  | 14200.00                   | 7561.97   | 21761.97  | 16088.00 | 8349.24   | 24437.24  |
| <b>DEPARTMENT OF FINANCIAL SERVICES</b> |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>DEMAND NO. 34</b>                    |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>INTEREST PAYMENTS</b>                |                   |           |                            |          |                             |           |                            |           |           |          |           |           |
| <b>Total-Revenue Section</b>            | ...               | 244742.82 | 244742.82                  | ...      | 272330.28                   | 272330.28 | ...                        | 284234.60 | 284234.60 | ...      | 324769.43 | 324769.43 |
| Charged                                 | ...               | 244742.82 | 244742.82                  | ...      | 272330.28                   | 272330.28 | ...                        | 284234.60 | 284234.60 | ...      | 324769.43 | 324769.43 |
| Voted                                   | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| <b>Total-Capital Section</b>            | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Charged                                 | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| Voted                                   | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |
| <b>Total (Revenue &amp; Capital)</b>    | ...               | 244742.82 | 244742.82                  | ...      | 272330.28                   | 272330.28 | ...                        | 284234.60 | 284234.60 | ...      | 324769.43 | 324769.43 |
| Charged                                 | ...               | 244742.82 | 244742.82                  | ...      | 272330.28                   | 272330.28 | ...                        | 284234.60 | 284234.60 | ...      | 324769.43 | 324769.43 |
| Voted                                   | ...               | ...       | ...                        | ...      | ...                         | ...       | ...                        | ...       | ...       | ...      | ...       | ...       |

Annexure

(In Crores of Rupees)

**SUMMARY OF BUDGETARY PROVISIONS UNDER MINISTRY OF FINANCE**



| Description                                   | Actuals 2010-2011 |                 | Budget Estimates 2011-2012 |             | Revised Estimates 2011-2012 |                 | Budget Estimates 2012-2013 |                 |                 |                 |                |                 |
|---|-------------------|-----------------|----------------------------|-------------|-----------------------------|-----------------|----------------------------|-----------------|-----------------|-----------------|----------------|-----------------|
|   | Plan              | Non-Plan        | Total                      | Plan        | Non-Plan                    | Total           | Plan                       | Non-Plan        | Total           |                 |                |                 |
| <b>DEMAND NO. 38</b>                          |                   |                 |                            |             |                             |                 |                            |                 |                 |                 |                |                 |
| <b>DEPARTMENT OF EXPENDITURE</b>              |                   |                 |                            |             |                             |                 |                            |                 |                 |                 |                |                 |
| <b>Total-Revenue Section</b>                  | <b>2.31</b>       | <b>83.64</b>    | <b>85.95</b>               | <b>3.00</b> | <b>96.97</b>                | <b>99.97</b>    | <b>2.45</b>                | <b>125.01</b>   | <b>127.46</b>   | <b>4.00</b>     | <b>131.24</b>  | <b>135.24</b>   |
| Charged                                       | ...               | ...             | ...                        | ...         | ...                         | ...             | ...                        | ...             | ...             | ...             | ...            | ...             |
| Voted   | 2.31              | 83.64           | 85.95                      | 3.00        | 96.97                       | 99.97           | 2.45                       | 125.01          | 127.46          | 4.00            | 131.24         | 135.24          |
| <b>Total-Capital Section</b>                  | <b>7.20</b>       | <b>...</b>      | <b>7.20</b>                | <b>2.00</b> | <b>...</b>                  | <b>2.00</b>     | <b>1.03</b>                | <b>...</b>      | <b>1.03</b>     | <b>...</b>      | <b>...</b>     | <b>...</b>      |
| Charged                                       | ...               | ...             | ...                        | ...         | ...                         | ...             | ...                        | ...             | ...             | ...             | ...            | ...             |
| Voted   | 7.20              | ...             | 7.20                       | 2.00        | ...                         | 2.00            | 1.03                       | ...             | 1.03            | ...             | ...            | ...             |
| <b>Total (Revenue &amp; Capital)</b>          | <b>9.51</b>       | <b>83.64</b>    | <b>93.15</b>               | <b>5.00</b> | <b>96.97</b>                | <b>101.97</b>   | <b>3.48</b>                | <b>125.01</b>   | <b>128.49</b>   | <b>4.00</b>     | <b>131.24</b>  | <b>135.24</b>   |
| Charged                                       | ...               | ...             | ...                        | ...         | ...                         | ...             | ...                        | ...             | ...             | ...             | ...            | ...             |
| Voted   | 9.51              | 83.64           | 93.15                      | 5.00        | 96.97                       | 101.97          | 3.48                       | 125.01          | 128.49          | 4.00            | 131.24         | 135.24          |
| <b>DEMAND NO. 39</b>                          |                   |                 |                            |             |                             |                 |                            |                 |                 |                 |                |                 |
| <b>PENSIONS</b>                               |                   |                 |                            |             |                             |                 |                            |                 |                 |                 |                |                 |
| <b>Total-Revenue Section</b>                  | <b>...</b>        | <b>15943.83</b> | <b>15943.83</b>            | <b>...</b>  | <b>17000.00</b>             | <b>17000.00</b> | <b>...</b>                 | <b>18030.00</b> | <b>18030.00</b> | <b>19800.00</b> | <b>...</b>     | <b>19800.00</b> |
| Charged                                       | ...               | 64.57           | 64.57                      | ...         | 80.00                       | 80.00           | ...                        | 80.00           | 80.00           | 90.00           | ...            | 90.00           |
| Voted   | ...               | 15879.26        | 15879.26                   | ...         | 16920.00                    | 16920.00        | ...                        | 17950.00        | 17950.00        | 19710.00        | ...            | 19710.00        |
| <b>Total-Capital Section</b>                  | <b>...</b>        | <b>...</b>      | <b>...</b>                 | <b>...</b>  | <b>...</b>                  | <b>...</b>      | <b>...</b>                 | <b>...</b>      | <b>...</b>      | <b>...</b>      | <b>...</b>     | <b>...</b>      |
| Charged                                       | ...               | ...             | ...                        | ...         | ...                         | ...             | ...                        | ...             | ...             | ...             | ...            | ...             |
| Voted   | ...               | ...             | ...                        | ...         | ...                         | ...             | ...                        | ...             | ...             | ...             | ...            | ...             |
| <b>Total (Revenue &amp; Capital)</b>          | <b>...</b>        | <b>15943.83</b> | <b>15943.83</b>            | <b>...</b>  | <b>17000.00</b>             | <b>17000.00</b> | <b>...</b>                 | <b>18030.00</b> | <b>18030.00</b> | <b>19800.00</b> | <b>...</b>     | <b>19800.00</b> |
| Charged                                       | ...               | 64.57           | 64.57                      | ...         | 80.00                       | 80.00           | ...                        | 80.00           | 80.00           | 90.00           | ...            | 90.00           |
| Voted   | ...               | 15879.26        | 15879.26                   | ...         | 16920.00                    | 16920.00        | ...                        | 17950.00        | 17950.00        | 19710.00        | ...            | 19710.00        |
| <b>DEMAND NO. 40</b>                          |                   |                 |                            |             |                             |                 |                            |                 |                 |                 |                |                 |
| <b>INDIAN AUDIT &amp; ACCOUNTS DEPARTMENT</b> |                   |                 |                            |             |                             |                 |                            |                 |                 |                 |                |                 |
| <b>Total-Revenue Section</b>                  | <b>...</b>        | <b>2245.80</b>  | <b>2245.80</b>             | <b>...</b>  | <b>2388.88</b>              | <b>2388.88</b>  | <b>...</b>                 | <b>2430.97</b>  | <b>2430.97</b>  | <b>...</b>      | <b>2558.49</b> | <b>2558.49</b>  |
| Charged                                       | ...               | 68.93           | 68.93                      | ...         | 74.52                       | 74.52           | ...                        | 78.53           | 78.53           | ...             | 78.83          | 78.83           |
| Voted   | ...               | 2176.87         | 2176.87                    | ...         | 2314.36                     | 2314.36         | ...                        | 2352.44         | 2352.44         | ...             | 2479.66        | 2479.66         |
| <b>Total-Capital Section</b>                  | <b>...</b>        | <b>18.33</b>    | <b>18.33</b>               | <b>...</b>  | <b>9.68</b>                 | <b>9.68</b>     | <b>...</b>                 | <b>4.00</b>     | <b>4.00</b>     | <b>...</b>      | <b>10.00</b>   | <b>10.00</b>    |
| Charged                                       | ...               | ...             | ...                        | ...         | ...                         | ...             | ...                        | ...             | ...             | ...             | ...            | ...             |
| Voted   | ...               | 18.33           | 18.33                      | ...         | 9.68                        | 9.68            | ...                        | 4.00            | 4.00            | ...             | 10.00          | 10.00           |
| <b>Total (Revenue &amp; Capital)</b>          | <b>...</b>        | <b>2264.13</b>  | <b>2264.13</b>             | <b>...</b>  | <b>2398.56</b>              | <b>2398.56</b>  | <b>...</b>                 | <b>2434.97</b>  | <b>2434.97</b>  | <b>...</b>      | <b>2568.49</b> | <b>2568.49</b>  |
| Charged                                       | ...               | 68.93           | 68.93                      | ...         | 74.52                       | 74.52           | ...                        | 78.53           | 78.53           | ...             | 78.83          | 78.83           |
| Voted   | ...               | 2195.20         | 2195.20                    | ...         | 2324.04                     | 2324.04         | ...                        | 2356.44         | 2356.44         | ...             | 2489.66        | 2489.66         |

| Description                          | Actuals 2010-2011 |          | Budget Estimates 2011-2012 |          | Revised Estimates 2011-2012 |          | Budget Estimates 2012-2013 |          |
|--------------------------------------|-------------------|----------|----------------------------|----------|-----------------------------|----------|----------------------------|----------|
|                                      | Plan              | Non-Plan | Plan                       | Non-Plan | Plan                        | Non-Plan | Plan                       | Non-Plan |
|                                      | Total             | Total    | Total                      | Total    | Total                       | Total    | Total                      | Total    |
| <b>DEPARTMENT OF REVENUE</b>         |                   |          |                            |          |                             |          |                            |          |
| <b>DEMAND NO. 41</b>                 |                   |          |                            |          |                             |          |                            |          |
| <b>Total-Revenue Section</b>         | ...               | 15448.78 | 15448.78                   | 13339.01 | 13339.01                    | 5377.08  | ...                        | 1167.05  |
| <i>Charged</i>                       | ...               | ...      | ...                        | 0.02     | 0.02                        | 0.02     | ...                        | 0.02     |
| <i>Voted</i>                         | ...               | 15448.78 | 15448.78                   | 13338.99 | 13338.99                    | 5377.06  | ...                        | 1167.03  |
| <b>Total-Capital Section</b>         | ...               | 25.11    | 25.11                      | 17.89    | 17.89                       | 5.71     | ...                        | 11.54    |
| <i>Charged</i>                       | ...               | ...      | ...                        | ...      | ...                         | ...      | ...                        | ...      |
| <i>Voted</i>                         | ...               | 25.11    | 25.11                      | 17.89    | 17.89                       | 5.71     | ...                        | 11.54    |
| <b>Total (Revenue &amp; Capital)</b> | ...               | 15473.89 | 15473.89                   | 13356.90 | 13356.90                    | 5382.79  | ...                        | 1178.59  |
| <i>Charged</i>                       | ...               | ...      | ...                        | 0.02     | 0.02                        | 0.02     | ...                        | 0.02     |
| <i>Voted</i>                         | ...               | 15473.89 | 15473.89                   | 13356.88 | 13356.88                    | 5382.77  | ...                        | 1178.57  |
| <b>DEMAND NO. 42</b>                 |                   |          |                            |          |                             |          |                            |          |
| <b>DIRECT TAXES</b>                  |                   |          |                            |          |                             |          |                            |          |
| <b>Total-Revenue Section</b>         | ...               | 2697.95  | 2697.95                    | 2975.85  | 2975.85                     | 2991.57  | ...                        | 3071.18  |
| <i>Charged</i>                       | ...               | ...      | ...                        | ...      | ...                         | ...      | ...                        | ...      |
| <i>Voted</i>                         | ...               | 2697.95  | 2697.95                    | 2975.85  | 2975.85                     | 2991.57  | ...                        | 3071.18  |
| <b>Total-Capital Section</b>         | ...               | 1572.28  | 1572.28                    | 905.70   | 905.70                      | 324.21   | ...                        | 809.28   |
| <i>Charged</i>                       | ...               | ...      | ...                        | ...      | ...                         | ...      | ...                        | ...      |
| <i>Voted</i>                         | ...               | 1572.28  | 1572.28                    | 905.70   | 905.70                      | 324.21   | ...                        | 809.28   |
| <b>Total (Revenue &amp; Capital)</b> | ...               | 4270.23  | 4270.23                    | 3881.55  | 3881.55                     | 3315.78  | ...                        | 3880.46  |
| <i>Charged</i>                       | ...               | ...      | ...                        | ...      | ...                         | ...      | ...                        | ...      |
| <i>Voted</i>                         | ...               | 4270.23  | 4270.23                    | 3881.55  | 3881.55                     | 3315.78  | ...                        | 3880.46  |
| <b>DEMAND NO. 43</b>                 |                   |          |                            |          |                             |          |                            |          |
| <b>INDIRECT TAXES</b>                |                   |          |                            |          |                             |          |                            |          |
| <b>Total-Revenue Section</b>         | ...               | 2979.43  | 2979.43                    | 3251.34  | 3251.34                     | 3258.84  | ...                        | 3481.88  |
| <i>Charged</i>                       | ...               | 0.45     | 0.45                       | 0.50     | 0.50                        | 0.50     | ...                        | 0.50     |
| <i>Voted</i>                         | ...               | 2978.98  | 2978.98                    | 3250.84  | 3250.84                     | 3258.34  | ...                        | 3481.38  |
| <b>Total-Capital Section</b>         | ...               | 123.09   | 123.09                     | 127.55   | 127.55                      | 92.95    | ...                        | 119.20   |
| <i>Charged</i>                       | ...               | ...      | ...                        | ...      | ...                         | ...      | ...                        | ...      |
| <i>Voted</i>                         | ...               | 123.09   | 123.09                     | 127.55   | 127.55                      | 92.95    | ...                        | 119.20   |
| <b>Total (Revenue &amp; Capital)</b> | ...               | 3102.52  | 3102.52                    | 3378.89  | 3378.89                     | 3351.79  | ...                        | 3601.08  |
| <i>Charged</i>                       | ...               | 0.45     | 0.45                       | 0.50     | 0.50                        | 0.50     | ...                        | 0.50     |
| <i>Voted</i>                         | ...               | 3102.07  | 3102.07                    | 3378.39  | 3378.39                     | 3351.29  | ...                        | 3600.58  |

| Description                          | Actuals 2010-2011 |              | Budget Estimates 2011-2012 |              | Revised Estimates 2011-2012 |              | Budget Estimates 2012-2013 |              |
|--------------------------------------|-------------------|--------------|----------------------------|--------------|-----------------------------|--------------|----------------------------|--------------|
|                                      | Plan              | Non-Plan     | Plan                       | Non-Plan     | Plan                        | Non-Plan     | Plan                       | Non-Plan     |
|                                      |                   |              |                            |              |                             |              |                            |              |
| <b>Total-Revenue Section</b>         |                   | <b>63.05</b> |                            | <b>62.63</b> |                             | <b>50.58</b> |                            | <b>63.24</b> |
| <i>Charged</i>                       | ...               | 63.05        | ...                        | 62.63        | ...                         | 50.58        | ...                        | 63.24        |
| <i>Voted</i>                         | ...               | ...          | ...                        | ...          | ...                         | ...          | ...                        | ...          |
| <b>Total-Capital Section</b>         |                   | <b>63.05</b> |                            | <b>62.63</b> |                             | <b>50.58</b> |                            | <b>63.24</b> |
| <i>Charged</i>                       | ...               | 63.05        | ...                        | 62.63        | ...                         | 50.58        | ...                        | 63.24        |
| <i>Voted</i>                         | ...               | ...          | ...                        | ...          | ...                         | ...          | ...                        | ...          |
| <b>Total (Revenue &amp; Capital)</b> |                   | <b>63.05</b> |                            | <b>62.63</b> |                             | <b>50.58</b> |                            | <b>63.24</b> |
| <i>Charged</i>                       | ...               | 63.05        | ...                        | 62.63        | ...                         | 50.58        | ...                        | 63.24        |
| <i>Voted</i>                         | ...               | ...          | ...                        | ...          | ...                         | ...          | ...                        | ...          |

**DEPARTMENT OF DISINVESTMENT**  
**DEMAND NO. 44**



**DEPARTMENT OF ECONOMIC AFFAIRS****INTRODUCTION**

The Department of Economic Affairs formulates and monitors the country's economic policies and programmes having a bearing on domestic and international aspects of economic management. One of the principal responsibilities of this Department is the preparation of the Annual Union Budget (excluding the Railway Budget) and the Economic Survey. Other key functions include:

- Formulation and monitoring of macro-economic policies including issues relating to fiscal policy and public finance, inflation, public debt management and the functioning of Capital Markets, including Stock Exchanges; ways and means to raise internal resources through market borrowings and mobilization of small savings;
- Monitoring and raising of external resources through multilateral and bilateral Official Development Assistance and sovereign borrowings abroad, foreign investments and monitoring of foreign exchange resources including balance of payments;
- Production of bank notes and coins of various denominations, postal stationery, postal stamps etc.

- Cadre management, career planning and training of the Indian Economic Service (IES).

In this Demand, the major portion of the Budget is towards subsidy to Railways for dividend relief and reimbursement of losses to Railways on operating strategic railway lines, contribution to Railway Safety Works, subscription to the International Monetary Fund (IMF)/Asian Development Bank (ADB) and other financial institutions; Interest Equalisation Support to EXIM Bank for Government of India concessional Lines of Credit (LOCs) to other developing countries and cost of supply of coins to Reserve Bank of India. Apart from this, the expenditure includes establishment related expenditure of the Department including G-20 Secretariat and Directorate of Currency and its subordinate offices e.g., National Savings Institute (NSI), Securities Appellate Tribunal (SAT) and contributions towards International bodies. Therefore, there are very few activities/outlays for which Outcome/targets can be set in tangible, quantifiable/measureable terms. The activities under Plan and Non Plan, indicating 'Outlays' and 'Outcomes' for the financial year 2012 - 13 are depicted in the following Statements:

STATEMENT OF OUTLAYS AND OUTCOMES 2012 - 13

| S. No. | Name of the Scheme/ Programme   | Objective/Outcome  | Outlay 2012-13 (₹ In Crore) | Quantifiable Deliverables/ Physical Outputs   | Projected Outcomes  | Processes/ Timelines  | Remarks/ Risk Factors   |
|--------|---|--|-----------------------------|---|---|---|---|
| 1      | 2   | 3  | 4                           | 5   | 6   | 7   | 8   |
|        |   |  | 4(i) Non-Plan               | 4(ii) Plan  | 4(iii) EBR  |   |   |
| 1.     | <b>Major Head 3054 -Contribution for Railway Safety Works against additional levies on Motor Spirit and High Speed Diesel. (Plan)</b> | Under this Scheme money under Central Road Fund is used for financing construction of railway over/ under bridges and railway safety works at unmanned railway crossings to ensure safety and provide smooth and safe passage for traffic. | ... 1102.45                 | ... - Manning 2500 locations. - Lifting Barrier at 150 locations. - Basic infrastructure at 1000 locations. - all manned gates to be provided telephones. - interlocking at 386 locations   | Ensure safety at unmanned level crossing and provide smooth passage for traffic. Fuel is saved and carbon emissions reduced where ROB's RUBs are constructed for gate-keepers. Medically qualified suitable, willing gate keepers are selected and posted at the gates. - Laying of cable from station to the level crossing location, land acquisition connecting signalling system & telephones with level crossing system. - delay in recruitment of Gatemen | - For unmanned level crossing, gates/lifting barriers are erected at the locations and duty huts/gate lodges constructed for gate-keepers. Medically qualified suitable, willing gate keepers are selected and posted at the gates. - Laying of cable from station to the level crossing location, land acquisition connecting signalling system & telephones with level crossing system. - delay in recruitment of Gatemen | - Construction of ROB/RUB is the joint work of Railways and State Govts/Local bodies - Non-availability of material and contractors at remote locations. - contractual problems/delay in land acquisition and encroachment removal. - delay in recruitment of Gatemen |
| 2.     | <b>Major Head 5475-Assistance for Infrastructure Development Public Private Partnership (PPP) in Infrastructure (Plan Scheme</b>      | To promote Public Private Partnership (PPP) in the infrastructure sector through provision of Viability Gap Funding (VGF)  | ... 437.55                  | ... The total approvals for VGF grant till now is of the order of ₹ 11996.87 crore for the 111 proposals granted 'in principle/final approval'. The actual level of VGF for these proposals will be known once the bidding process is completed | Development of Infrastructure through Public Private Partnership mode. The final approval and the final disbursement. The provision is to be utilised upto 31 <sup>st</sup> March, 2012. after the private party, selected through competitive bidding invests its share of equity.   | There is time lag between grant of 'in principle' approval and the final disbursement. The provision is to be utilised upto 31 <sup>st</sup> March, 2012. after the private party, selected through competitive bidding invests its share of equity.  |   |

| 1                | 2  | 3  | 4      | 5  | 6   | 7   | 8 |
|------------------|--|--|--------|--|---|---|---|
| 4(i)<br>Non-Plan | 4(ii)<br>Plan  | 4(iii)<br>EBR  |        |  |   |   |   |
| 3.               | <b>Major Head 3475 – Interest Equalisation Support to Exim Bank of India. (Non-Plan)</b>   | The objective is to project India's strategic economic interests abroad and to develop long standing economic relationship. The scheme inter-alia, provides interest equalisation support to EXIM Bank of India for GOI supported Lines of Credit. | 225.00 | ... Lines of Credit (LOCs) to other developing countries through EXIM Bank for exports of Indian goods and services.   | Interest equalization support to Exim Bank of India is given by GOI in respect of the GOI supported Exim Bank of India Lines of Credit extended for growth of Indian exports, development of strategic and economic relationship with developing countries like Angola, Burkina Faso, Cambodia, Chad, Congo, Cote d'Ivoire, Djibouti, Guinea Bissau, Guyana, etc. | The provision is to be utilised upto 31st March, 2013. recipient country, GOI will have to repay the amount to EXIM Bank, as counter-guarantee of GOI, has been given to EXIM Bank for the lines of credit. |   |
| 4.               | <b>Major Head-3605 - Technical and Economic Co-operation with other countries, Technical aid to South East Asia under the Colombo Plan; Contribution. (Non-Plan)</b> | Provide technical aid to countries under Colombo Plan, by providing support to Human Resource Development, through courses conducted by Indian Institutes.   | 1.00   | ... Work related to the Colombo Plan has been transferred to MEA w.e.f April, 2010. Budget provision is kept for meeting balance financial liabilities on students from various Colombo Plan countries who had undergone training in different institutes in India during 2009-10. | Development of long standing economic relationship through continued technical assistance to Colombo Plan approved Institutes in India.   | The trainees are provided with airfare, tuition fee, accommodation and the funds are being utilized for the living allowance, for objective mention- ed in Col.3.   |   |

## Reform Measures and Policy Initiatives

### 1.1 Assistance for Infrastructure Development (Plan)

This scheme is for putting in place an innovative funding mechanism for Public Private Partnership (PPP) in Infrastructure sector through Viability Gap support. The Government recognizes the need of significantly improving the availability and quality of critical infrastructure in the country in order to make the economy competitive and take it on to a high growth trajectory. It has been decided to encourage Public Private Partnership in infrastructure sectors in order to augment the pace of development of physical infrastructure through enhanced investment. Provision has been made for extending support for viability gap funding, for public private partnerships projects in various infrastructure sectors such as roads, seaports, airports, railways, convention centres, power, water supply, sewage and solid waste disposal in urban areas etc. To intensify and deepen the capacity building of public functionaries at the State and municipal level and integrate the capacity building programme on PPPs in the ongoing programmes at the State level, a comprehensive National Capacity Building Programme has been developed by DEA, in collaboration with the World Bank and KfW Development Bank, which would be delivered through Lal Bahadur Shastri National Academy of Administration (LBSNAA), Mussoorie, and fourteen State Administrative Training Institutes and Central Training Institutes. Online Toolkits for PPP projects, risk and contingent liability frameworks and communication strategy for PPPs have been developed. They are available through DEA's website on PPPs, i.e. [www.pppinindia.com](http://www.pppinindia.com). The PPP Toolkit is a web-based resource that has been designed to help improve decision-making for infrastructure PPPs in India and to improve the quality of the infrastructure PPPs that are implemented in India. To promote PPPs and to ensure that the PPP projects are procured and implemented by following laid down process and observing principles of transparency, competitive bid process, affordability and value for money, the draft PPP Policy and draft PPP Rules have been prepared. These are undergoing extensive consultation process at the Central and State Governments level before their finalization.

#### Scheme for Financial Support to PPPs in Infrastructure (Plan)

A unique characteristic of infrastructure projects is that the positive externalities caused by projects cannot be captured by project revenues alone. Hence, a project may be economically essential but commercially unviable. Such projects, which are marginally viable or unviable, can be made financially attractive through a grant. The Government has created a **Viability Gap Funding** arrangement for such projects in the infrastructure sector. So far 111 projects have been granted approval with Total Project Cost (TPC) of ₹ 61826.28 crore and VGF support of ₹ 11996.87 crore. However, the actual level of VGF amount of these proposals will be known once the bidding process is completed. The financial closure has been achieved for 25 projects. 14 projects in Madhya Pradesh and Gujarat have been awarded on premium where no VGF support will be required. An amount of ₹ 332.23 crore has been disbursed till December, 2011 under the VGF Scheme. A budget provision of ₹ 437.55 crore has been made in the BE 2012-13 based on sponsoring Authority requirements and the number of projects already granted final approval.

### 1.2 India Infrastructure Project Development Fund (IIPDF) (Non - Plan)

The Union Finance Minister in his Budget Speech for 2007-08 announced in the Parliament the setting up of a Revolving Fund with a corpus ₹ 100 crore to quicken the process of project preparation. To fulfil the commitment, The Government of India has notified the Scheme and Guidelines for India Infrastructure Project Development Fund (IIPDF) to operationalise financial support for quality project development activities to the States and the Central Ministries. The objective would be to fund project development expenses of potential Public Private Partnership projects including cost of engaging consultants and transaction advisor, thus increasing the quality and quantity of successful PPPs and allowing informed decision making by the Government based on good quality feasibility reports. The IIPDF will assist projects that closely support the best practices in PPP project identification and preparation. So far 49 projects have been approved with an IIPDF assistance of ₹ 60.06 crore. IIPDF assistance of ₹ 1.32 crore, ₹ 7.55 crore and ₹ 7.00 crore has been disbursed under the Scheme in 2008-09, 2009-10 and 2010-11 respectively. ₹ 2.56 crore has been disbursed during 2011-12, upto December, 2011.

### 1.3 Technical and Economic Cooperation with other Countries - Interest Equalisation support to EXIM Bank of India

Under this Scheme, GOI provides interest equalization support (i.e. the difference between Exim Bank's rate of interest and the concessional rate of interest on which LOC is extended). In most of the cases GOI counter guarantee for repayment of principal and payment of interest is also given to Exim Bank. Interest equalization support have been provided to the tune of ₹ 123.40 crore during the period from April to December, 2011. During this period 14 GOI supported Exim Bank of India LOCs for a total amount of US\$ 476.29 million have been approved by this Department.

### 1.4 National Clean Energy Fund (NCEF)

National Clean Energy Fund has been created for funding research and innovative projects in clean technologies. Clean Energy Cess is being levied on coal produced in India, as well as on imported coal. The cess so collected is transferred to NCEF, as per requirement. The provision for expenditure on identified schemes is being made in the Demand for Grants of different Ministries /Departments

### 1.5 Financial Action Task Force

The Financial Action Task Force (FATF) is an inter-governmental policymaking body that has a ministerial mandate to establish international standards for combating money laundering and terrorist financing. India joined the Financial Action Task Force (FATF) as its 34th member in June, 2010. At present FATF has 36 members comprising of 34 countries and two organizations. FATF membership is a de facto recognition of a well-organized and transparent financial system. Compliance with FATF recommendations would ensure further enhancement of the soundness of our financial system.

At the time of joining FATF, India gave an Action Plan to overcome certain deficiencies in a time bound manner. The items of the Action Plan were divided into Immediate, short term and

Medium term items, which were to be completed by June 2010, March 2011 and March 2012 respectively. India has completed the Immediate and Short-term Action Plan items and well in progress to complete the medium term action points too. As a part of joining the global initiative to combat money laundering and terrorist financing, India is also the member of the FATF style regional bodies; Asia Pacific Group and Eurasia Group for Combating Money laundering and Terrorist Financing. (APG & EAG). India is also the Co-Chair of the Asia Pacific Regional Review Group for combating Money laundering and terrorist Financing.

#### **1.6 Financial Stability & Development Council (FSDC) :**

With a view to strengthen and institutionalize the mechanism for maintaining financial stability and enhancing inter-regulatory coordination, Government has setup an apex-level Financial Stability and Development Council (FSDC). The Chairman of the Council is the Finance Minister of India, and its members include the heads of the financial sector regulatory authorities; Finance Secretary and/or Secretary, Department of Economic Affairs (DEA); Secretary, Department of Financial Services; and the Chief Economic Adviser. Without prejudice to the autonomy of regulators, this Council would monitor macro prudential supervision of the economy, including the functioning of large financial conglomerates. It will address inter-regulatory coordination issues and thus spur financial sector development. It will also focus on financial literacy and financial inclusion. A

Sub-Committee of FSDC has also been set up under the chairmanship of Governor RBI.

#### **1.7 Financial Sector Legislative Reforms Commission**

The Government has also set up the Financial Sector Legislative Reforms Commission (FSLRC) under the chairmanship of Retd. Supreme Court Justice, Shri B N Srikrishna. This has been done with a view to help rewriting and harmonizing the financial sector legislation, rules and regulations to address the contemporaneous requirements of the sector. The Commission is expected to submit its report within its 24-month time-frame which would fall in March, 2013.

#### **1.8 Small and Medium Enterprises (SMEs)**

In order to mobilize capital for the Small and Medium Enterprises (SMEs), it has been decided by the Government to encourage promotion of either dedicated exchanges/platforms of the existing exchanges for listing and trading of securities issued by SMEs. SEBI has now permitted a recognized stock exchange having nationwide trading terminals to set up a dedicated Stock exchange or a trading platform for SMEs. Further, necessary amendments to the Regulations have been carried out and guidelines were issued in this regard. As informed by SEBI, two exchanges, NSE and BSE, have been given final approval for launching SME platforms respectively on 14 October 2011 and 27 September 2011. The exchange is expected to commence listing and trading before the first half of the financial year 2012-13.

## STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2010-11

| S. No. | Name of the Scheme/ Programme   | Objective/Outcome   | Outlay 2010-11 (₹ In Crore) | Quantifiable Deliverables/ Physical Outputs | Processes/ Timelines  | Risk Factors   | Statu as on 31st March 2010   |  |
|--------|---|---|-----------------------------|---|---|--|---|--|
| 1      | 2   | 3   | 4                           | 5   | 6   | 7  | 8   |  |
| 1.     | <b>Major Head 3054- Contribution for Railway Safety Works against additional levies on Motor Spirit and High Speed Diesel. (Plan)</b> | Under this Scheme money under Central Road Fund is used for financing construction of Road over/ under bridges in lieu of busy manned level crossings and railway safety works at unmanned railway crossings to ensure safety and smooth passage for traffic. | 876.73<br>4(i)<br>BE        | 932.81<br>4(ii)<br>RE                       | <ul style="list-style-type: none"> <li>- Manning at 800 (revised target 1500) locations.</li> <li>- Lifting Barrier at 295 locations.</li> <li>- Basic infrastructure at 1628 locations.</li> <li>- all manned gates to be provided telephones.</li> <li>- interlocking at 333 locations</li> <li>- Construction of 150 Nos limited height Subways.</li> <li>- Construction of 100 Nos of Road Over and Under Bridges.</li> </ul> | <ul style="list-style-type: none"> <li>- For manning of unmanned level crossing, gated/lifting barriers have to be erected and dutyhuts/ gate lodges constructed for gate-keepers. Qualified/ suitable willing gate keepers are to be selected and posted at the gates.</li> <li>- Laying of cable between station/level crossing location for connecting signalling system &amp; telephones.</li> </ul> | <ul style="list-style-type: none"> <li>- Construction of Road Over/Under bridges joint work of Railway and State Government/Local Bodies and sometime output has been achieved:</li> <li>- Manning at 1234 locations.</li> <li>- Lifting Barrier at 272 locations.</li> <li>- Basic infra-structure at 1619 locations completed.</li> <li>- Interlocking at 551 locations.</li> <li>- Telephones at 219 locations.</li> <li>- Construction of 384 Limited height subways completed.</li> <li>- Construction of 67 Road Over/Under bridges completed including approaches done by the State Government.</li> </ul> | The entire outlay of ₹ 932.81 crore has been released. The following output has been achieved: |



| 1  | 2  | 3  | 4             | 5             | 6   | 7  | 8  |
|----|--|--|---------------|---------------|---|--|--|
|    |  |  | 4(i)<br>BE    | 4(ii)<br>RE   |   |  |  |
| 2. | <b>Major Head 5475- Assistance for Infrastructure Development Public Private Partnership (PPP) in Infrastructure</b> | To promote Public Private Partnership (PPP) in the infrastructure sector through provision of Viability Gap Funding (VGF).   | 480.00 (Plan) | 125.00 (Plan) | There is a time lag between 'in principle' approval and final disbursement and normally it takes 12 to 18 months from the process of bidding to financial closure after giving in - principle approval to a proposal. | Disbursement of fund takes place after commencement of construction work of the project, and the Private party selected through competitive bidding process invests its share of equity. | 84 proposals under the scheme were given 'in principle' approval by the Empowered Institution till March, 2011. After examining the disbursement milestone suggested by the Sponsoring Authority of the projects, the total budget allocation of ₹ 480.00 crore in BE 2010-11 was restricted to ₹125.00 crore as RE 2010-11. The entire amount of ₹125.00 crore was disbursed. |
| 3. | <b>Major Head 3475 - Interest equalisation support to Exim Bank of India</b>   | The objective is to project India's strategic economic interests abroad and to develop long standing economic relationship. The scheme inter-alia, provides interest equalisation support to Exim Bank of India for GOI supported Lines of credit. | 130.00        | 127.77        | The provision was to be utilised upto 31 <sup>st</sup> March, 2011.   | If the repayment is defaulted by the recipient country, GOI will have to repay the amount to EXIM Bank as counter-guarantee of GOI have been given to EXIM Bank for the lines of credit. | ₹127.70 crore have been paid to Exim Bank of India as interest equalisation support during 2010-11.  |

| 1  | 2  | 3  | 4          | 5           | 6  | 7  | 8  |
|----|--|--|------------|-------------|--|--|--|
|    |  |  | 4(i)<br>BE | 4(ii)<br>RE |  |  |  |
| 4. | <b>Major Head 3605</b><br><b>-Technical and Economic Cooperation with other countries, Technical aid to South East Asia under the Colombo Plan; Contribution</b> | Provide technical aid to countries under Colombo Plan, by providing support to Human Resource Development, through courses conducted by Indian Institutes. | 8.45       | 7.95        | Development of long standing economic relationship through Colombo Plan countries. | There is no risk factor involved as the funds are being utilized for the meeting financial objective mentioned in Col.3. | ₹ 5.86 crore have been incurred for training of approx. 450 students from various Colombo Plan countries during 2009-10. |

## STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2011-12

| S. No. | Name of the Scheme/ Programme   | Objective/Outcome   | Outlay 2011-12 (₹ In Crore) | Quantifiable Deliverables/ Physical Outputs   | Processes/ Timelines   | Risk Factors  | Statu as on 31st December 2011                                   |
|--------|---|---|-----------------------------|---|--|---|--|
| 1      | 2   | 3   | 4                           | 5   | 6  | 7   | 8  |
| 1.     | <b>Major Head 3054- Contribution for Railway Safety Works against additional levies on Motor Spirit and High Speed Diesel. (Plan)</b> | Under this Scheme money under Central Road Fund is used for financing construction of road over/ under bridges and railway safety works at unmanned railway crossings to provide smooth and safe passage for traffic. | 1040.63                     | ...<br>- Manning at 800 (revised target 1500) locations.<br>- Lifting Barrier at 160 locations.<br>- Basic infrastructure at 1011 locations.<br>- all manned gates to be provided telephones.<br>- interlocking at 386 locations.<br>- Construction of 225 Nos limited height Subways.<br>- Construction of 100 Nos of Road Over and Under Bridges. | For manning of level unmanned crossing, gated/lifting barriers have to be erected and duty huts/ Local Bodies and gate lodges constructed for gatekeepers. Qualified/ suitable willing gate keepers are to be selected and posted at the gates. Laying of cable between station/level crossing location for connecting signalling system & telephones. | Construction of Road Over/Under bridges the joint work of Railway and State Government / Local Bodies and sometime work is delayed due to contractual problems, non availability of land, State/ local places infrastructure is ready because of encroachments/ but not manned. Lifting Barrier at 71 locations.<br>Basic infrastructure at 690 locations completed.<br>Interlocking at 269 locations.<br>Telephones at 538 locations.<br>Construction of 147 Limited height subways completed up to Dec,11.<br>-Construction of 32 Road Over/ under bridges completed. | An amount of ₹ 780.45 crore has been released upto December, 11. |
|        |   |   | 4(i) 1059.56                | 4(iii) 4(iii) EBR   |  |   |  |
|        |   |   | 4(ii) RE                    |   |  |   |  |

| 1          | 2  | 3   | 5   | 6   | 7   | 8  |
|------------|--|---|-----|---|---|--|
| 4(i)<br>BE | 4(ii)<br>RE  | 4(iii)<br>EBR   | ... |   |   |  |
| 2.         | <b>Major Head<br/>5475-Assistance<br/>for Infrastructure<br/>Development<br/>Public Private<br/>Partnership<br/>(PPP) in<br/>Infrastructure<br/>(Plan)</b> | To promote Public Private<br>Partnership (PPP) in the<br>infrastructure sector<br>through provision of<br>Viability Gap Funding<br>(VGF). | ... | 111 proposals were given<br>'in principle' approval by<br>the Empowered Institution.<br>Financial closure has been<br>achieved for 25 proposals<br>out of which 14 proposals<br>have been awarded<br>premium where no VGF<br>would be required. | There is a time lag<br>between 'in principle'<br>approval and final<br>disbursement and<br>mmencement of<br>normally it takes 12 to<br>18 months from the<br>process of bidding to<br>financial closure after<br>giving In- principle<br>approval to a competitive<br>proposal. | The BE 2011-12 of<br>₹ 499.37 crore was framed<br>on the basis of requirement<br>sought by Sponsoring<br>Authorities. RE 2011-12 is<br>₹ 300.00 crore. The<br>reduction is due to delay in<br>private party<br>implementation of the<br>Mumbai Metro Line 2<br>Project where VGF<br>amounting to ₹ 200.00<br>crore was estimated to be<br>required in 2011-12.<br>However there is no<br>requirement of VGF for<br>this project in 2011-12. As<br>on December, 2011 ₹ 88.78<br>crores has been disbursed<br>for the following projects:<br>i) Damoh - Jabalpur<br>Road Project – ₹ 7.40<br>crore<br>ii) Bina-Khimlasa Road<br>Project – ₹ 3.18 crore<br>iii) Sagar-Damoh Road<br>Project – ₹ 8.59 crore<br>iv) Bhind-Gopalpur Road<br>Project – ₹ 5.43 crore<br>v) Jhajjar Power<br>Transmission Project<br>– ₹ 32.68 crore<br>vi) Nasik Aurangabad<br>Road Project –<br>₹ 31.50 crore |

| 1  | 2  | 3  | 4          | 5           | 6             | 7   | 8  |
|----|--|--|------------|-------------|---------------|---|--|
|    |  |  | 4(i)<br>BE | 4(ii)<br>RE | 4(iii)<br>EBR |   |  |
| 3. | <b>Major Head 3475 –Interest equalisation support to Exim Bank of India (Non-Plan)</b>   | The objective is to project India's strategic economic interests abroad and to develop long standing economic relationship. The scheme inter-alia, provides interest equalisation support to Exim Bank of India for GOI supported Lines of credit. | 139.69     | 139.00      | ...           | The provision is to be utilised upto 31st March, 2011.  | If the repayment is ₹ 123.40 crore defaulted by the recipient country, GOI will have to repay the amount to EXIM Bank as counter-guarantee of GOI have been given to EXIM Bank for the Lines of Credit.  |
| 4. | <b>Major Head 3605 –Technical and Economic Cooperation with other countries, Technical aid to South East Asia under the Colombo Plan. Contribution</b> | Provide technical aid to countries under Colombo Plan, by providing support to Human Resource Development, through courses conducted by Indian Institutes.   | 3.00       | 1.10        | ...           | Development of long standing economic relationship through continued technical assistance to countries like Afghanistan, Bangladesh, Bhutan, Fiji, Indonesia, Iran, Korea, Malaysia, Laos, Nepal, Maldives, Mangolia, Myanmar, Sri Lanka, Papua New Guinea, Thailand and Vietnam. | There is no risk factor involved as the funds are being utilized for the objective mentioned in Col.3. 2010. ₹ 1.42 crore has been incurred during 2011-12 upto December, 2011 for meeting the balance financial liabilities on approx. 450 students from various Colombo plan countries who had undergone training in different Institutes in India during 2009-10. |

## SUMMARIZED POSITION OF SCHEMES UNDER DEMAND NO. 32 – DEPARTMENT OF ECONOMIC AFFAIRS

| S.No | Scheme   | 2010-2011      |                |                | 2011 - 2012    |                | 2012-2013              |                |
|------|--|----------------|----------------|----------------|----------------|----------------|------------------------|----------------|
|      |  | BE             | RE             | Actual         | BE             | RE             | Actuals Up-to Dec. 11* | BE             |
| 1.   | Public Private Partnership (PPP) In infrastructure, Provision of Viability Gap Funding (VGF) (MH 5475) – Plan                        | 480.26         | 125.00         | 125.00         | 499.37         | 300.00         | 88.78                  | 437.55         |
| 2.   | Contribution for Railway Safety Works against additional levies on motor spirit and high speed diesel and ; (MH 3054) – Plan         | 876.73         | 932.81         | 932.81         | 1040.63        | 1059.56        | 780.45                 | 1102.45        |
| 3.   | Interest Equalisation Support to EXIM Bank of India (MH 3475) Non-Plan   | 130.00         | 127.77         | 127.70         | 139.69         | 139.00         | 123.40                 | 225.00         |
| 4.   | Technical Economic Cooperation with other Countries – Technical aid to South & South East Asia under Colombo Plan (MH 3605) Non-Plan | 8.45           | 7.95           | 5.86           | 3.00           | 1.10           | 1.42                   | 1.00           |
|      | <b>Total</b>   | <b>1495.44</b> | <b>1185.59</b> | <b>1191.37</b> | <b>1682.69</b> | <b>1499.66</b> | <b>994.05</b>          | <b>1766.00</b> |

\* Provisional



## STATEMENT SHOWING ACTUAL EXPENDITURE VIS-À-VIS BE/RE PROVISIONS FOR THE YEARS 2009-10, 2010-11 AND 2011-12

₹ in crore (Gross)

| Description                           | Major Head  | 2009-10       |               |               | 2010-11       |               |               | 2011-12       |               |               | Actuals upto Dec, 2011 |
|---------------------------------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------|
|                                       |             | B.E.          | R.E.          | Actual        | B.E.          | R.E.          | Actual        | B.E.          | R.E.          |               |                        |
| 1                                     | 2           | 3             | 4             | 5             | 6             | 7             | 8             | 9             | 10            | 11            |                        |
| <b>PART - A NON-PLAN ITEMS</b>        |             |               |               |               |               |               |               |               |               |               |                        |
| <b>Secretariat-General Services</b>   | <b>2052</b> | <b>66.37</b>  | <b>66.18</b>  | <b>62.89</b>  | <b>70.37</b>  | <b>79.30</b>  | <b>71.37</b>  | <b>84.71</b>  | <b>76.68</b>  | <b>57.43</b>  |                        |
| <b>Other Fiscal Services</b>          | 2047        | 11.07         | 11.61         | 11.10         | 11.48         | 12.25         | 11.21         | 12.40         | 12.45         | 8.71          |                        |
| National Savings Institute            |             |               |               |               |               |               |               |               |               |               |                        |
| Interests on deposits under           |             |               |               |               |               |               |               |               |               |               |                        |
| Compulsory Deposits (Income           |             |               |               |               |               |               |               |               |               |               |                        |
| Tax Payers Scheme, 1974)              | 2047        | 0.15          | 0.10          | 0.05          | 0.10          | 0.05          | 0.00          | 0.03          | 0.03          | 0.00          |                        |
| Other Expenditure                     | 2047        | 0.21          | 0.21          | 0.17          | 0.21          | 0.21          | 0.20          | 0.23          | 0.24          | 0.02          |                        |
| <b>Total</b>                          | <b>2047</b> | <b>11.43</b>  | <b>11.92</b>  | <b>11.32</b>  | <b>11.79</b>  | <b>12.51</b>  | <b>11.41</b>  | <b>12.66</b>  | <b>12.72</b>  | <b>8.73</b>   |                        |
| <b>Other Administrative Services</b>  | 2070        | 13.80         | 13.59         | 12.81         | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |                        |
| 13th /14th Finance Commission         | 2070        | 0.90          | 0.75          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |                        |
| Investment Commission                 |             |               |               |               |               |               |               |               |               |               |                        |
| Financial Sector Legislative          |             |               |               |               |               |               |               |               |               |               |                        |
| Reforms Commission (FSLRC)            | 2070        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 1.00          | 4.40          | 2.14          |                        |
| Other Expenditure (SAT)               | 2070        | 3.26          | 3.76          | 3.54          | 3.72          | 3.88          | 3.28          | 3.28          | 3.87          | 2.39          |                        |
| <b>Total</b>                          | <b>2070</b> | <b>17.96</b>  | <b>18.10</b>  | <b>16.35</b>  | <b>3.72</b>   | <b>3.88</b>   | <b>3.28</b>   | <b>4.28</b>   | <b>8.27</b>   | <b>4.53</b>   |                        |
| <b>Miscellaneous General Services</b> | 2075        | 300.00        | 300.00        | 300.00        | 300.00        | 300.00        | 300.00        | 300.00        | 300.00        | 100.00        |                        |
| Guarantee Redemption Fund             | 2075        | 0.12          | 0.07          | 0.01          | 0.03          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          |                        |
| Other Programmes                      | <b>2075</b> | <b>300.12</b> | <b>300.07</b> | <b>300.01</b> | <b>300.03</b> | <b>300.01</b> | <b>300.01</b> | <b>300.01</b> | <b>300.01</b> | <b>100.01</b> |                        |
| <b>Total</b>                          |             |               |               |               |               |               |               |               |               |               |                        |
| <b>General Education</b>              | 2235        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |                        |
| <b>Social Security and Welfare</b>    | 2235        | 0.01          | 0.10          | 0.14          | 0.10          | 0.14          | 0.03          | 0.14          | 0.05          | 0.00          |                        |
| National Social Security Fund for     |             |               |               |               |               |               |               |               |               |               |                        |
| Unorganized Sector Workers            | 2235        | 0.01          | 0.10          | 0.14          | 0.10          | 0.14          | 0.03          | 0.14          | 0.05          | 0.00          |                        |
| Protected Savings Schemes             |             |               |               |               |               |               |               |               |               |               |                        |
| (other charges)                       | <b>2235</b> | <b>0.01</b>   | <b>0.10</b>   | <b>0.14</b>   | <b>0.10</b>   | <b>0.14</b>   | <b>0.03</b>   | <b>0.14</b>   | <b>0.05</b>   | <b>0.00</b>   |                        |
| <b>Total</b>                          |             |               |               |               |               |               |               |               |               |               |                        |
| International Fund for Agricultural   |             |               |               |               |               |               |               |               |               |               |                        |
| Development [IFAD]                    | 2416        | 45.00         | 45.00         | 41.83         | 40.00         | 35.52         | 35.52         | 40.00         | 39.76         | 39.76         |                        |

| 1  | 2           | 3              | 4              | 5              | 6              | 7              | 8              | 9              | 10             | 11             |
|--|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Additional Complementary contribution to IFAD  | 2416        | 0.01           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| <b>Total</b>   | <b>2416</b> | <b>45.01</b>   | <b>45.00</b>   | <b>41.83</b>   | <b>40.00</b>   | <b>35.52</b>   | <b>35.52</b>   | <b>40.00</b>   | <b>39.76</b>   | <b>39.76</b>   |
| <b>Other Transport Services</b>  |             |                |                |                |                |                |                |                |                |                |
| Subsidy to Railways towards dividend relief and other concessions  | 3075        | 2086.43        | 2243.44        | 2155.86        | 2829.88        | 2190.87        | 2013.27        | 3022.61        | 2598.26        | 2015.06        |
| Losses on Strategic Railway Lines  | 3075        | 600.00         | 654.48         | 654.48         | 600.00         | 648.97         | 634.38         | 657.92         | 652.00         | 219.30         |
| <b>Total</b>   | <b>3075</b> | <b>2686.43</b> | <b>2897.92</b> | <b>2810.34</b> | <b>3429.88</b> | <b>2839.84</b> | <b>2647.65</b> | <b>3680.53</b> | <b>3250.26</b> | <b>2234.36</b> |
| <b>International Financial Institutions</b>  |             |                |                |                |                |                |                |                |                |                |
| Assessment Charges payable to international Monetary Fund [IMF]  | 3466        | 0.35           | 0.38           | 0.38           | 2.19           | 0.22           | 0.00           | 0.23           | 0.39           | 0.38           |
| Emergency Assistance for Natural Disasters   | 3466        | 4.39           | 4.42           | 4.37           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Afghanistan Reconstruction Trust Fund  | 3466        | 0.00           | 1.00           | 0.92           | 1.00           | 0.93           | 0.93           | 0.00           | 0.00           | 0.00           |
| World Bank PPA   | 3466        | 0.00           | 3.00           | 0.11           | 12.50          | 6.00           | 8.09           | 7.50           | 1.87           | 1.78           |
| South Experience Exchange Trust Fund (SEETF)   | 3466        | 0.00           | 0.00           | 0.00           | 0.00           | 2.40           | 0.00           | 0.00           | 0.00           | 0.00           |
| <b>Total</b>   | <b>3466</b> | <b>4.74</b>    | <b>8.80</b>    | <b>5.78</b>    | <b>15.69</b>   | <b>9.55</b>    | <b>9.02</b>    | <b>7.73</b>    | <b>2.26</b>    | <b>2.16</b>    |
| <b>Other General Economic Services</b>   |             |                |                |                |                |                |                |                |                |                |
| International Cooperation  | 3475        | 13.81          | 9.42           | 9.28           | 9.23           | 19.33          | 18.64          | 19.33          | 20.41          | 10.20          |
| Other charges/IES/Embassy of India, Tokyo, Beijing and Washington  | 3475        | 12.80          | 12.34          | 10.40          | 11.61          | 16.58          | 13.22          | 20.25          | 17.92          | 5.79           |
| Grant-in-aid-General to other institutions   | 3475        | 2.23           | 2.74           | 2.59           | 2.60           | 2.77           | 2.75           | 2.93           | 22.93          | 11.30          |
| Custom and Import Duties on Non-Indian personnel in UN agencies  | 3475        | 0.03           | 0.03           | 0.03           | 0.03           | 0.01           | 0.00           | 0.03           | 0.03           | 0.00           |
| Exchange loss under NRI Bonds  | 3475        | 0.50           | 0.50           | 0.03           | 0.50           | 0.50           | 2.85           | 0.50           | 0.50           | 0.00           |
| World Bank Grant for PPP   | 3475        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Interest equalisation support to EXIM Bank   | 3475        | 278.00         | 139.41         | 118.87         | 130.00         | 127.77         | 127.70         | 139.69         | 139.00         | 123.40         |
| Waiver off outstanding dues and interest/penal interest on loans outstanding against the line of credit extended in 1995 to Government of Turkmenistan | 3475        | 0.00           | 0.00           | 0.00           | 0.00           | 24.50          | 24.44          | 0.00           | 0.00           | 0.00           |
| Waiver off outstanding loan and interest on loans to Republic of Seychelles  | 3475        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 18.00          | 6.22           | 4.60           |

| 1   | 2           | 3             | 4             | 5             | 6             | 7             | 8             | 9             | 10            | 11            |
|---|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Waiver off outstanding dues and interest/ penal interest on loans outstanding against the line of credit extended in 1993 to Government of Kazakhstan | 3475        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 34.91         | 34.91         |
| Waiver off outstanding dues and interest/ penal interest on loans outstanding against the line of credit extended in 1994 to Government of Uzbekistan | 3475        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.40          | 0.39          |
| Eurasian Group on Combating Money Laundering and Terrorism Financing (EAG)  | 3475        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.32          | 0.00          |
| <b>Total</b>  | <b>3475</b> | <b>307.37</b> | <b>164.44</b> | <b>141.20</b> | <b>153.97</b> | <b>191.46</b> | <b>189.60</b> | <b>200.73</b> | <b>242.64</b> | <b>190.59</b> |
| <b>Technical and Economic cooperation with other countries</b>  |             |               |               |               |               |               |               |               |               |               |
| Contribution to UNDP  | 3605        | 22.05         | 22.43         | 22.43         | 22.55         | 21.59         | 21.55         | 22.55         | 21.21         | 21.20         |
| Cooperation with other countries  | 3605        | 16.56         | 20.01         | 19.63         | 19.51         | 18.57         | 16.02         | 14.05         | 12.66         | 13.23         |
| Other Expenditure   | 3605        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |
| Development Assistance  | 3605        | 0.01          | 0.01          | 0.00          | 0.01          | 0.01          | 0.00          | 0.01          | 0.01          | 0.00          |
| 46th AGM of ADB   | 3605        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.15          | 0.00          |
| <b>Total</b>  | <b>3605</b> | <b>38.62</b>  | <b>42.45</b>  | <b>42.06</b>  | <b>42.07</b>  | <b>40.17</b>  | <b>37.57</b>  | <b>36.61</b>  | <b>34.03</b>  | <b>34.43</b>  |
| <b>Capital Outlay of Currency, Coinage and Mints</b>  |             |               |               |               |               |               |               |               |               |               |
| Purchase of Coins from SPMCIL   | 4046        | 894.00        | 894.00        | 894.00        | 1063.20       | 1852.00       | 1463.42       | 1584.80       | 1225.00       | 635.94        |
| <b>Capital Outlay on Miscellaneous General Services</b>   |             |               |               |               |               |               |               |               |               |               |
| Purchase of Machines for Budget Press   | 4075        | 3.00          | 3.00          | 0.25          | 3.00          | 2.50          | 2.17          | 1.50          | 1.47          | 1.44          |
| <b>Investment in General Financial and Trading Institutions</b>   |             |               |               |               |               |               |               |               |               |               |
| Security Printing and Minting Corporation of India Limited (SPMCIL)   | 5465        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 400.00        | 0.00          | 0.00          |
| National Skill Development Corporation(NSDC)  | 5465        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 501.90        | 0.00          |
| <b>Total</b>  | <b>5465</b> | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   | <b>400.00</b> | <b>501.90</b> | <b>0.00</b>   |
| <b>Investment in International Financial Institutions</b>   |             |               |               |               |               |               |               |               |               |               |
| Subscription to the IBRD  | 5466        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 183.65        | 183.65        | 0.00          |

| 1 | 2  | 3           | 4               | 5               | 6              | 7              | 8               | 9               | 10              | 11              |
|---|--|-------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
|   | Subscription to International Development Association        | 5466        | 0.00            | 0.00            | 0.01           | 0.01           | 0.00            | 0.01            | 9.17            | 0.00            |
|   | Subscription to Asian Development Bank                       | 5466        | 0.00            | 0.00            | 216.19         | 199.85         | 199.85          | 199.85          | 205.52          | 205.52          |
|   | Subscription to African Development Fund                     | 5466        | 14.51           | 14.51           | 14.93          | 37.37          | 37.36           | 22.12           | 22.12           | 0.00            |
|   | Payment of Multilateral Debt Relief                          |             |                 |                 |                |                |                 |                 |                 |                 |
|   | Initiative of African Development Fund                       | 5466        | 0.00            | 0.00            | 0.00           | 0.00           | 0.00            | 1.83            | 1.83            | 0.00            |
|   | Subscription to African Development Bank                     | 5466        | 0.00            | 0.00            | 0.01           | 5.21           | 5.03            | 5.21            | 0.01            | 0.00            |
|   | Subscription to International Monetary Fund [In Securities]  | 5466        | 3035.60         | 3094.26         | 0.01           | 0.00           | 6243.43         | 11729.41        | 0.00            | 0.00            |
|   | Maintenance of Value [MOV] Obligation                        | 5466        | 3653.93         | 12836.26        | 0.01           | 0.00           | 0.00            | 0.01            | 1609.79         | 1609.78         |
|   | India's Contribution to wards lending resources of IMF       | 5466        | 0.00            | 0.00            | 63.67          | 63.67          | 2.85            | 50.00           | 25.00           | 0.00            |
|   | <b>Total</b>   | <b>5466</b> | <b>6704.04</b>  | <b>15945.03</b> | <b>294.83</b>  | <b>306.11</b>  | <b>6488.52</b>  | <b>12192.09</b> | <b>2057.09</b>  | <b>1815.30</b>  |
|   | <b>Capital Outlay on Other General Economic Services</b>     |             |                 |                 |                |                |                 |                 |                 |                 |
|   | Activities for mainstreaming PPPs                            | 5475        | 2.10            | 2.10            | 0.66           | 1.12           | 0.83            | 0.80            | 2.67            | 0.04            |
|   | India Infrastructure Project Development Fund (IIPDF)        | 5475        | 10.50           | 7.00            | 7.55           | 7.00           | 6.75            | 5.00            | 9.00            | 2.56            |
|   | <b>Total</b>   | <b>5475</b> | <b>12.60</b>    | <b>9.10</b>     | <b>8.21</b>    | <b>8.12</b>    | <b>7.58</b>     | <b>5.80</b>     | <b>11.67</b>    | <b>2.60</b>     |
|   | Loans for Other Economic Services                            |             |                 |                 |                |                |                 |                 |                 |                 |
|   | Loans to IMF under New Arrangements to Borrow (NAB)          | 7475        | 0.00            | 0.00            | 0.00           | 0.00           | 0.00            | 0.00            | 9003.04         | 6657.64         |
|   | <b>Total</b>   | <b>7475</b> | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>    | <b>0.00</b>    | <b>0.00</b>     | <b>0.00</b>     | <b>9003.04</b>  | <b>6657.64</b>  |
|   | <b>Advances to Foreign Government</b>                        |             |                 |                 |                |                |                 |                 |                 |                 |
|   | Sri Lanka  | 7605        | 0.01            | 2.84            | 2.61           | 0.00           | 0.00            | 0.00            | 0.00            | 0.00            |
|   | <b>Total</b>   | <b>7605</b> | <b>0.01</b>     | <b>2.84</b>     | <b>2.61</b>    | <b>0.00</b>    | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     |
|   | <b>Total Non-Plan</b>  |             | <b>11091.71</b> | <b>20408.95</b> | <b>8005.42</b> | <b>5681.11</b> | <b>11267.15</b> | <b>18551.59</b> | <b>16766.85</b> | <b>11784.92</b> |
|   | <b>PART - B PLAN ITEMS</b>                                   |             |                 |                 |                |                |                 |                 |                 |                 |
|   | <b>Miscellaneous General Services</b>                        |             |                 |                 |                |                |                 |                 |                 |                 |
|   | National Social Security Fund for Unorganised Sector workers | 2235        | 0.00            | 0.00            | 1000.00        | 1000.00        | 1000.00         | 500.00          | 500.00          | 0.00            |
|   | New and Renewable Energy                                     | 2810        | 0.00            | 0.00            | 0.00           | 0.00           | 0.00            | 0.00            | 1066.46         | 1066.46         |
|   | Roads and Bridges  | 3054        | 2158.36         | 1895.86         | 1753.46        | 1865.62        | 1865.62         | 2081.26         | 2119.12         | 1560.90         |
|   | Assistance for infrastructure development - VGF              | 5475        | 150.00          | 45.95           | 480.26         | 125.00         | 125.00          | 499.37          | 300.00          | 88.78           |
|   | <b>TOTAL PLAN</b>  |             | <b>2308.36</b>  | <b>1941.81</b>  | <b>3233.72</b> | <b>2990.62</b> | <b>2990.62</b>  | <b>3080.63</b>  | <b>3985.58</b>  | <b>2716.14</b>  |
|   | <b>Grand Total</b>   |             | <b>13400.07</b> | <b>22350.76</b> | <b>9947.13</b> | <b>8671.73</b> | <b>14257.77</b> | <b>21632.22</b> | <b>20752.43</b> | <b>14501.06</b> |

## OBJECT HEAD - WISE ACTUAL EXPENDITURE VIS-À-VIS BE/RE PROVISIONS FOR THE YEARS 2009-10, 2010-11 AND 2011-12

| Object Head                      | (Gross) ₹ in crore |         |         |         |         |         |         |         |         |                        |
|----------------------------------|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------|
|                                  | 2009-10            | 2010-11 |         | 2011-12 |         | 2011-12 |         | 2011-12 |         | Actuals upto Dec, 2011 |
| 1                                | B.E.               | R.E.    | Actual  | B.E.    | R.E.    | Actual  | B.E.    | R.E.    | Actual  |                        |
| <b>REVENUE SECTION</b>           |                    |         |         |         |         |         |         |         |         |                        |
| 01-Salaries                      | 60.50              | 59.11   | 57.93   | 52.96   | 57.30   | 53.65   | 59.17   | 52.32   | 52.32   | 47.85                  |
| 02-Wages                         | 0.43               | 0.41    | 0.40    | 0.43    | 0.36    | 0.36    | 0.45    | 0.28    | 0.28    | 0.29                   |
| 03-Overtimes Allowance           | 0.43               | 0.38    | 0.27    | 0.40    | 0.30    | 0.24    | 0.41    | 0.17    | 0.17    | 0.11                   |
| 06-Medical Treatment             | 1.07               | 1.12    | 0.84    | 1.12    | 0.96    | 1.02    | 1.35    | 1.17    | 1.17    | 0.56                   |
| 11-Domestic Travel Expenses      | 2.08               | 2.21    | 1.86    | 1.75    | 2.38    | 2.00    | 2.15    | 2.54    | 2.54    | 1.41                   |
| 12.Foreign Travel Expenses       | 4.14               | 3.72    | 2.74    | 4.77    | 5.07    | 4.49    | 5.82    | 5.82    | 5.82    | 3.46                   |
| 13-Office Expenses               | 9.13               | 9.03    | 8.85    | 8.36    | 8.18    | 8.41    | 8.38    | 8.99    | 8.99    | 5.91                   |
| 14-Rent,Rates & Taxes            | 7.09               | 7.58    | 6.82    | 3.45    | 4.19    | 2.08    | 4.65    | 4.30    | 4.30    | 1.69                   |
| 16-Publications                  | 4.08               | 3.49    | 3.16    | 4.20    | 3.75    | 3.69    | 4.37    | 5.27    | 5.27    | 3.29                   |
| 20-Other Administrative Expenses | 1.31               | 1.45    | 1.25    | 0.84    | 2.91    | 1.81    | 4.99    | 5.25    | 5.25    | 1.81                   |
| 21-Supplies and Material         | 0.80               | 1.00    | 0.90    | 1.05    | 1.05    | 0.77    | 1.05    | 0.85    | 0.85    | 0.58                   |
| 26-Advertising and Publicity     | 0.56               | 0.50    | 0.43    | 0.56    | 0.72    | 0.53    | 0.65    | 0.61    | 0.61    | 0.04                   |
| 27-Minor Works                   | 0.86               | 1.02    | 1.10    | 1.06    | 1.38    | 0.95    | 2.16    | 1.97    | 1.97    | 0.03                   |
| 28-Professional Services         | 2.08               | 3.99    | 2.50    | 5.20    | 3.61    | 2.22    | 4.30    | 5.18    | 5.18    | 2.63                   |
| 31-Grant-in-aid-General          | 2.34               | 2.76    | 2.60    | 2.61    | 2.79    | 2.75    | 2.95    | 22.95   | 22.95   | 11.30                  |
| 32-Contribution                  | 101.99             | 102.46  | 98.62   | 92.47   | 98.53   | 99.90   | 96.11   | 94.55   | 94.55   | 84.41                  |
| 33-Subsidies                     | 2964.43            | 3037.33 | 2929.21 | 3559.88 | 2967.61 | 2775.34 | 3820.22 | 3389.26 | 3389.26 | 2357.76                |
| 42-Lumpsum                       | 0.01               | 0.05    | 0.00    | 0.02    | 0.00    | 0.00    | 0.00    | 0.01    | 0.01    | 0.00                   |
| 44-Exchange variation            | 0.50               | 0.50    | 0.03    | 0.50    | 0.50    | 2.85    | 0.50    | 0.50    | 0.50    | 0.00                   |
| 45-Interest                      | 0.19               | 0.14    | 0.05    | 0.14    | 0.08    | 0.03    | 0.09    | 0.09    | 0.09    | 0.01                   |
| 50-Other Charges                 | 12.05              | 14.34   | 10.07   | 1023.22 | 21.23   | 13.32   | 26.36   | 19.91   | 19.91   | 7.20                   |

| <b>1</b>                             | <b>2</b>        | <b>3</b>        | <b>4</b>       | <b>5</b>       | <b>6</b>       | <b>7</b>        | <b>8</b>        | <b>9</b>        | <b>10</b>       |
|--------------------------------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| 51-Motor Vehicles                    | 0.13            | 0.15            | 0.08           | 0.13           | 0.10           | 0.09            | 0.12            | 0.11            | 0.08            |
| 52-Machinery and Equipment           | 0.01            | 0.00            | 0.00           | 0.00           | 0.00           | 0.00            | 0.00            | 0.00            | 0.00            |
| 53-Major Works                       | 1200.00         | 1068.75         | 1068.75        | 876.73         | 932.81         | 932.81          | 1040.63         | 1059.56         | 780.45          |
| 63-Inter-account transfer            | 1258.36         | 1127.11         | 1127.11        | 1176.73        | 2232.81        | 2232.81         | 1840.63         | 2926.02         | 1946.91         |
| 64-Write off/Losses                  | 0.01            | 0.00            | 0.00           | 0.00           | 24.50          | 24.44           | 18.00           | 41.52           | 39.90           |
| Information technology-Other Charges | 1.84            | 2.24            | 2.21           | 2.50           | 4.88           | 4.51            | 3.15            | 3.06            | 1.68            |
| <b>TOTAL REVENUE</b>                 | <b>5636.42</b>  | <b>5450.84</b>  | <b>5327.78</b> | <b>6821.08</b> | <b>6378.00</b> | <b>6171.07</b>  | <b>6948.66</b>  | <b>7652.26</b>  | <b>5299.36</b>  |
| <b>CAPITAL SECTION</b>               |                 |                 |                |                |                |                 |                 |                 |                 |
| 32-Contribution                      | 0.00            | 0.00            | 0.00           | 0.00           | 0.00           | 0.00            | 0.00            | 500.00          | 0.00            |
| 42-Lumpsum                           | 150.00          | 45.95           | 45.85          | 480.26         | 125.00         | 125.00          | 499.37          | 300.00          | 88.78           |
| 52-Machinery and Equipment           | 3.00            | 3.00            | 0.25           | 3.00           | 2.50           | 2.17            | 1.50            | 1.47            | 1.44            |
| 55-Loans and advance                 | 0.01            | 2.84            | 2.61           | 0.01           | 0.00           | 0.00            | 0.00            | 9003.04         | 0.00            |
| 60- Other Capital Expenditure        | 894.00          | 894.00          | 894.00         | 1126.87        | 1915.67        | 1466.27         | 1634.80         | 1250.00         | 635.94          |
| 63-Inter-account transfer            | 0.00            | 0.00            | 0.00           | 0.00           | 0.00           | 0.00            | 0.00            | 0.00            | 0.00            |
| 50-Other Charges                     | 12.60           | 9.10            | 8.21           | 9.10           | 8.12           | 7.58            | 5.80            | 11.67           | 2.60            |
| 54-Investment                        | 6704.04         | 15945.03        | 3668.43        | 231.16         | 242.44         | 6485.68         | 12542.09        | 2033.99         | 1815.30         |
| XX- NAB                              | 0.00            | 0.00            | 0              | 0.00           | 0.00           | 0.00            | 0.00            | 0.00            | 6657.64         |
| <b>TOTAL CAPITAL</b>                 | <b>7763.65</b>  | <b>16899.92</b> | <b>4619.35</b> | <b>1850.40</b> | <b>2293.73</b> | <b>7961.70</b>  | <b>14683.56</b> | <b>13100.17</b> | <b>9201.70</b>  |
| <b>GRAND TOTAL</b>                   | <b>13400.07</b> | <b>22350.76</b> | <b>9947.13</b> | <b>8671.48</b> | <b>8671.73</b> | <b>11267.15</b> | <b>21632.22</b> | <b>20752.43</b> | <b>14501.06</b> |



## ANALYSIS OF EXPENDITURE DURING 2009-10, 2010-11 and 2011-12

**NON-PLAN****MH-2052 - Secretariat General Services**

The provision under this head is kept for the Secretariat expenditure of the Department of Economic Affairs, G-20 Secretariat and Directorate of Currency. During 2010-11 the RE has been increased for the newly created Directorate of Currency. At RE 2011-12 the decrease is due to non filling up of posts for the G-20 Secretariat as well as for the Directorate of Currency. The flow of expenditure up to December, 2011 is satisfactory.

**MH-2047 - Other Fiscal Services**

The provision under this head is for expenditure of National Savings Institute with its network of regional offices. It also includes provision in respect of interests on deposits under Compulsory Deposits (Income Tax Payers) Scheme, 1974; Rental cost of IMF Residents office and Indias' contribution to International Saving Bank Institutions. The flow of expenditure up to December, 2011 is satisfactory.

**MH-2070 - Other Administrative Services**

The provision under this head is for expenditure of Investment Commission, 13th Finance Commission, Security Appellate Tribunal and Financial Sector Legislative Reforms Commission (FSLRC). The decrease in Expenditure in 2010-11 is due to winding up of 13th Finance Commission in January, 2010 as well as due to winding up of Investment Commission. The increase in 2011-12 is due to provision for the newly created FSLRC for which Supplementary has been obtained.

**MH-2075 - Miscellaneous General Services**

The provision is for interest payments on Central Securities in time barred cases and payment in connection with unclaimed securities credited to Government accounts. From 2009-10 onwards a provision of ₹ 300.00 crore is being kept for transfer to the Guarantee Redemption Fund. For earlier years the provision was in the Grant under Department of Financial Services. Under this Major Head a token provision of ₹ 0.10 crore for the year 2009-10 was kept for Institutional Strengthening & Capacity Building of Aid Accounts & Audit Division of this Department. The Project has since been completed.

**MH-2235 - Social Security & Welfare**

The provision has been kept for Protected Savings Schemes. A token provision has been kept during 2009-10. The provision has been increased at RE 2009-10 at ₹ 0.10 crore and at RE 2010-11 at ₹ 0.14 crore against BE 2010-11 of ₹ 0.10 crore.

**MH-2416 - Agriculture Financial Institutions**

India is a founder member of IFAD and has so far contributed US \$ 79 million to IFAD resources till the 7th Replenishment. For the 8th Replenishment, India has committed to contribute US\$ 25 million. The payment was to be made in three instalments of US\$ 9 million in 2009-10 and US\$ 8 million each in 2010-11 and 2011-12. The third and final instalment has been paid in September, 2011. Less expenditure incurred is due to exchange rate fluctuation.

**MH - 3075: Other Transport Services (Subsidy to Railways towards Dividend Reliefs & Other Concessions)**

The subsidy provided towards dividend relief and other concessions is dependent on capital work in progress. Similarly the reimbursement of losses on operating 'strategic' lines is

dependent on the working expenses of the Railways on operating such lines. As such, there are variations in the actual expenditure vis-à-vis the provisions made. A token Supplementary of ₹ 1.00 lakh was obtained in 2009-10 as savings to the tune of ₹ 211.48 crore were available within the Revenue Section of the Grant.

**MH - 3466 - International Financial Institutions**

The provision is for annual Assessment charges payable to International Monetary Fund, Contribution to Emergency Assistance for Natural Disasters, Afghanistan Reconstruction Trust Fund (ARTF), World Bank Technical assistance loan and South South Experience Exchange Trust Fund (SEETF). All instalments of the committed amounts in respect of Emergency Assistance for Natural Disaster (ENDA) were paid by 2009-10. Hence no provision was kept in 2010-11. A token supplementary was obtained in the First Batch of 2009-10 for the provision of ₹ 1.00 crore for Afghanistan Reconstruction Trust Fund (ARTF) and ₹ 3.00 crore for the World Bank TA loan. At RE 2010-11 and at RE 2011-12 the provision for the World Bank TA Loan was reduced due to less requirement. A token Supplementary was obtained in the first batch 2010-11 for making a one-time payment of US \$ 500,000 as Indias' contribution to World Bank South - South Experience Exchange Trust Fund (SEETF). During 2010-11 a token Supplementary was also obtained for contribution towards Cultural Heritage and Sustainable Tourism Trust Fund (CHSTTF).

**MH - 3475 - Other General Economic Services**

The provision under this Head includes contribution to Commonwealth Fund for Technical Cooperation (CFTC) and other international organisations, Economic Wing of the Embassy of India at Washington, Tokyo and Beijing, Training of Indian Economic Service Officers, India Trust Fund in ADB, Exchange Variation and Grants-in-Aid to Other Institutions and provision for Interest Equalization support to EXIM Bank. The provision for Interest Equalization support to EXIM Bank of ₹ 278.00 crore at BE 2009-10 was reduced to ₹ 139.41 crore at RE 2009-10 due to less claims received. The provision for BE 2010-11 and 2011-12 is ₹ 130.00 crore and ₹ 139.69 crore respectively. The actual expenditure during 2009-10 and 2010-11 is ₹ 118.87 crore and ₹ 127.70 crore respectively. There is an overall increase under the Major Head at RE 2010-11 due to the newly created Economic and Commercial Wing of the Embassy of India, Beijing; enhanced expenditure on training of Indian Economic Service Officers; contribution (₹ 10.00 crore) towards technical cooperation with African Development Bank; Voluntary membership contribution of Euro 15000 (₹ 0.10 crore) to FATF for the year 2010; and waiver of outstanding dues, interest & penal interest (₹ 24.50 crore) against the concessional Line of Credit extended to Government of Turkmenistan by GOI. There is an enhancement of the BE 2011-12 provision at the RE 2011-12 stage on account of waiver of outstanding dues/interest against LOC extended to Government of Kazakhstan (₹ 34.92 crore) & Uzbekistan (₹ 0.40 crore); grants in aid to the Madras School of Economics and the Delhi School of Economics in implementation of one of the Budget (2011-12) announcements; contribution to Eurasian Group on Combating Money Laundering and Terrorism Financing (EAG) and upward exchange rate fluctuation in respect of contribution to CFTC.

### **MH-3605 - Technical & Economic Cooperation with Other Countries**

The provision under this Head includes contribution to United Nations Development Programme (UNDP), Global Environment Facility (GEF) Technical Aid under Colombo Plan and for Development Assistance. A provision (₹ 0.15 crore) has been kept for the 46th Annual General Meeting (AGM) of the Board of Governors of the Asian Development Bank which is scheduled to be held in Delhi in May, 2013 for initial preparatory expenses. The scheme relating to Technical Aid to South and South-East Asia under the Colombo Plan has been transferred to the Ministry of External Affairs w.e.f April, 2010. However, a provision has been kept in 2011-12 for settlement of pending bills relating to students from various Colombo Plan countries who have undergone training during 2009-10.

### **MH-4046 - Capital Outlay of Currency, Coinage & Mint**

The provision is for purchase of coins from Security Printing and Minting Corporation of India Limited (SPMCIL). The provision of ₹ 894.20 crore for the year 2009-10 was fully utilized. BE 2010-11 provision of ₹ 1063.20 crore was increased to ₹ 1852.00 crore at RE 2010-11. Out of this ₹ 1463.42 crore was spent. Less expenditure was incurred as the mark up applied on cost of coins was reduced to 7.5 % from 10% applied earlier. During 2011-12 the provision of ₹ 1584.80 crore has been reduced to ₹ 1225.00 crore at RE stage due to downward cost of coins. There would be no cash outgo as the entire amount will be deducted as recovery from the credit received from Reserve Bank of India on circulation of coins.

### **MH-4075 - Capital Outlay on Miscellaneous General Services**

For the year 2009-10 a provision of ₹ 3.00 crore was kept for procurement of gathering machine for the Budget Press. However, the amount could not be utilized as the tendering process required some more inputs. A provision of ₹ 3.00 crore was therefore kept at BE 2010-11 which was reduced to ₹ 2.50 crore at RE 2010-11 as only part payment was released for purchase of the gathering machine. A provision of ₹ 1.50 crore was kept in BE 2011-12 for release of balance payment.

### **H-5465 - Investment in General Financial and Trading Institutions**

A provision of ₹ 400.00 crore has been kept at BE 2011-12 for expansion and modernization of Mints and Presses. However, due to non completion of formalities the provision has been reduced to nil at RE 2011-12. The provision for 2011-12 under this Major Head also includes ₹ 500.00 crore towards providing additional contribution to the Corpus of National Skill Development Fund Technical Assistance and ₹ 1.90 crore towards Government of India Equity in the National Skill Development Corporation (NSDC), for which a total of ₹ 501.90 crore has been obtained in the second batch of Supplementary Demands for Grants.

### **MH - 5466 - Investment in International Financial Institutions**

The provision is for payment of subscription to International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), Asian Development Bank (ADB), African Development Bank (AfDB), African Development Fund, subscription to International Monetary Fund (IMF), Maintenance of Value (MoV) Obligation and India's Contribution towards Lending Resources of IMF. An allocation of ₹ 3094.26 crore during 2009-10 was kept for one time

anticipated payment towards India's quota increase at International Monetary Fund (IMF). However, due to non ratification of the "Voice and Participation" Amendment of IMF's Article of Agreement the amount remained unspent. Therefore during the year 2010-11 a supplementary of ₹ 11327.15 crore was obtained, out of which ₹ 6243.43 crore was spent and the remaining amount was diverted from the SDRs maintained in the Government account. The provision of ₹ 11729.41 crore at BE 2011-12 has been reduced to nil at RE stage as the payments are not expected to materialize during the current financial year. A provision of ₹ 3653.93 crore at BE 2009-10 was kept for subscription to IMF for Maintenance of Value (MoV) towards valuation adjustment of Indian Rupees receivable by IMF. The provision was increased to ₹ 12836.26 crore at RE 2009-10. However, ₹ 3653.93 crore was utilized. For 2010-11 a token provision of ₹ 0.01 crore was kept. This was not required to be enhanced as India received payments due to the movement of SDR exchange rate in favour of the Rupee. A supplementary of ₹ 1609.79 crore has been obtained during 2011-12 for IMF/MoV. The amount has been fully utilized. A provision of ₹ 183.65 crore has been kept at BE and RE 2011-12 for subscription to International Bank for Reconstruction and Development (IBRD). A supplementary of ₹ 9.17 crore has been obtained in 2011-12 for subscription to International Development Association (IDA). In BE 2010-11 a provision of ₹ 63.67 crore has been kept for Contribution towards lending resources of IMF. This provision is made for transferring the Rupee equivalent of SDRs received as interest to the Reserve Bank of India (RBI). The actual expenditure of ₹ 2.85 crore was due to less requirement for making payments towards interest on securities under Note Purchase Agreement (NPA). Similarly the BE 2011-12 provision of ₹ 50.00 crore has been reduced to ₹ 25.00 crore at RE 2011-12.

### **MH-5475 - Capital Outlay on Other General Economic Services**

The provision is for India Infrastructure Project Development Fund (IIPDF) and activities for mainstreaming Public Private Partnership (PPP) projects. For IIPDF the BE 2009-10 provision of ₹ 10.50 crore was reduced to ₹ 7.00 crore at RE 2009-10 due to less requirements indicated by the sponsoring authorities and the status of projects. During 2011-12 the BE provision of ₹ 5.00 crore has been enhanced to ₹ 9.00 crore for providing additional financial support to Jaipur Metro Rail Project and Projects of Delhi Jal Board, Government of Madhya Pradesh and Karnataka. ₹ 2.10 crore has been provided for activities for mainstreaming PPP in BE 2009-10. During 2010-11 the provision of ₹ 2.10 crore has been reduced to ₹ 1.12 crore due to non approval of consultancy services. BE 2011-12 provision of ₹ 0.80 crore has been increased to ₹ 2.67 crore for additional support for which supplementary has been obtained.

### **MH-7475: Loans to Other Economic Services**

A provision of ₹ 9003.04 crore has been made at RE 2011-12 through supplementary Demands for Grants for Note Purchase Agreement (NPA) rollover towards loans to International Monetary Fund (IMF) New Arrangements to Borrow (NAB) and India's investment in NAB. The flow of expenditure up to December, 2011 is satisfactory.

### **MH-7605 -Advances to Foreign Governments**

The provision is towards advances to Foreign Governments for promotion of exports goods and services from India through

Government to Government Lines of Credit (LoCs). Since, this scheme of providing assistance to foreign countries has been discontinued from 2003-04, no fresh LoCs are being approved. Disbursements are going on in respect of previous LoCs. Therefore, there has been a gradual decrease in the provisions. During 2009-10, provision of ₹ 2.84 crore had been kept for settlement of claims pertaining to Government of Sri Lanka. Only a token provision of ₹ 0.01 crore was kept at BE 2010-11, and no provision has been kept for BE 2011-12.

**PLAN**

**MH-2235- Social Security and Welfare**

As a follow up to the Unorganized Sector Workers Social Security Act, 2008, the National Social Security Fund for Unorganized sector workers has been setup with an initial allocation of ₹1000.00 crore at BE 2010 - 11. The amount has been fully utilized. For 2011-12 a provision of ₹ 500.00 crore has been kept at BE and RE.

**MH-2810- New and Renewable Energy**

A provision of ₹ 1066.46 crore has been obtained through the First supplementary Demand for Grants 2011-12 for initial transfer to the 'National Clean Energy Fund' to be maintained in the Public account of India for meeting expenditure to finance various new projects relating to research in clean energy, etc to be implemented by different Ministries/departments.

**MH-3054 -Roads & Bridges**

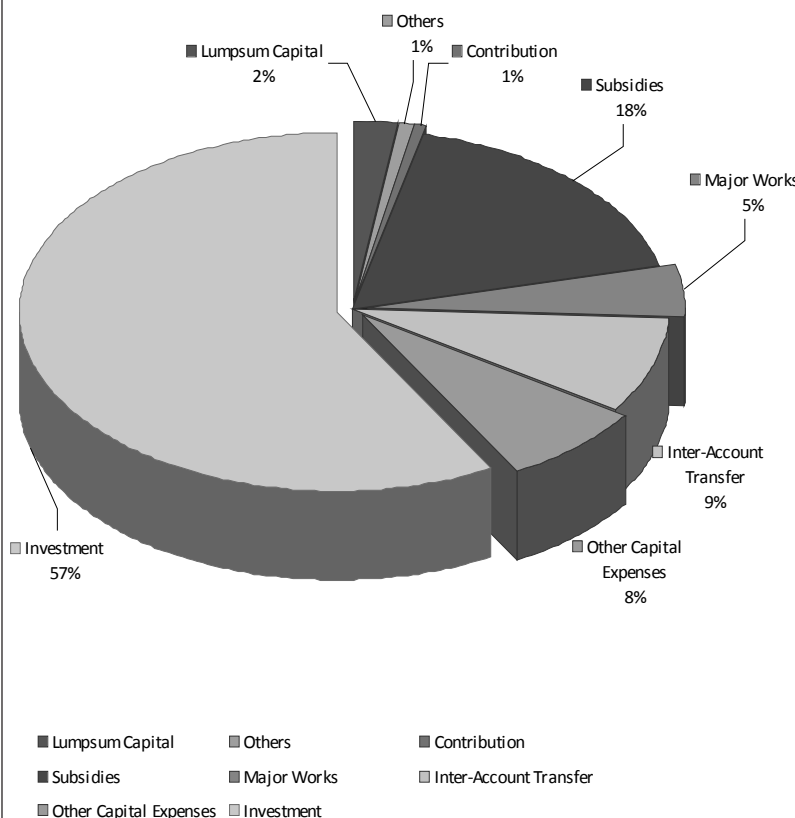
The provision is for Railway Safety Work. The cess being levied on petrol and diesel is allocated in terms of the Central Road Fund Act, 2000 for financing construction of Railway over/under bridges and other safety works. The provision is made strictly as per requirements from Railways and their share of cess collections. An equivalent amount is transferred to Central

Road Reserve Fund as Inter Account transfer. A provision of ₹958.36 crore was kept during 2009-10. The provision was reduced at RE 2009-10 to ₹ 827.11 crore. An equivalent amount was transferred to Central Road Reserve Fund as inter account transfer. During BE 2009-10 an additional provision of ₹ 241.64 crore has been kept for Additional Budget Support for Railway Safety Work. During 2010-11 there was a provision of ₹ 876.73 crore. At RE 2010-11 the provision has been enhanced to ₹932.81 crore on greater demand from the Railways. The provision has been fully utilized. BE 2011-12 provision of ₹1040.63 crore has been increased to ₹ 1059.56 crore at RE 2011-12 due to increase in Cess from Motor Spirit (MS) and High Speed Diesel (HSD) under Central Road Fund (CRF).

**MH-5475 - Capital Outlay on Other General Economic Services**

The provision is for Assistance for Infrastructure Development - Viability Gap Funding (VGF). During the year 2009-10 the BE provision of ₹ 150.00 crore was reduced to ₹45.95 crore due to general slowdown in the economy which resulted in failure of bids for three projects. The actual expenditure during 2009-10 was ₹ 45.85 crore. During 2010-11 the provision of ₹ 480.26 crore has been reduced to ₹ 125.00 crore at RE 2010-11 due to slow closure of financial proposals of the projects granted in principle approval. The provision has been fully utilized. A provision of ₹ 499.37 crore at BE 2011-12 has been reduced to ₹ 300.00 crore at RE 2011-12. The reduction is due to delay in implementation of the Mumbai Metro Line 2 Project where VGF amounting to ₹ 200.00 crore was estimated to be required in 2011-12. However there is no requirement of VGF for this project in 2011-12. The actual expenditure incurred upto December, 11 is ₹ 88.78 crore.

**Object Head Wise Major Constituents of Grant of DEA 2011-12**



- Investment -The major portion is for payment to IMF for Indias Quota increase (₹11729.41 cr), subscription to Asian Development Bank and African Development Fund, subscription to IBRD - general/selective capital increase (₹183.65 cr) SPMCIL- (₹400 cr.) [total-₹12542.09 cr].
- Subsidies - The major part of the subsidy goes to Railways towards Dividend Relief and other Concessions and for Interest Equalisation support to Exim Bank (₹139.69 cr ). [₹3820.22 cr].
- Provision for Major Works is for financing construction of Railway over/under bridges and other Railway Safety Works [₹1040.63 cr].
- Inter- Account Transfer is for transfer of funds to the Central Road Fund, Social Security Fund for Unorganised Sector Workers and Guarantee Redemption Fund [₹1840.63 cr].
- Other Capital Expenses is for purchase of coins from SPMCIL and payment of interest received from IMF to RBI [₹1634.80 cr].
- Contribution to various international Bodies and organisations [₹96.11cr].
- Others -includes salaries and other establishment expenditure [₹158.37 cr].
- Lumpsom capital is for promoting PPP in infrastructure development through Vibility Gap Funding [₹499.37 cr].



### Statutory and Autonomous Bodies under Department of Economic Affairs

Securities and Exchange Board of India (SEBI) is the only Autonomous Body under the administrative control of the Department of Economic affairs. No Government grant is given to SEBI. Security Printing and Minting Corporation of India Limited (SPMCIL) is a Government owned Corporation, under the administrative control of the Department of Economic Affairs. The details about this organisation are as under:-

#### Security Printing and Minting Corporation of India Ltd.

- Security Printing & Minting Corporation of India Limited (SPMCIL) was incorporated on 13.1.2006 with its headquarters at Jawahar Vyapar Bhawan, New Delhi. Commencement of business was approved w.e.f. 10<sup>th</sup> February, 2006. This is a wholly owned Public Sector Undertaking of Govt of India under Ministry of Finance, Department of Economic affairs headed by Chairman and Managing Director. There are three functional directors on the Board in addition to Directors representing Government and user departments.
- SPMCIL was formed after corporatization of all nine Mints/Presses/Mill which were earlier working under Currency and Coins Division of the Department of Economic Affairs, Ministry of Finance, Government of India. These units are:
  - India Government Mint, Mumbai
  - India Government Mint, Kolkata
  - India Government Mint, Hyderabad
  - India Government Mint, Noida
  - Security Printing Press, Hyderabad
  - India Security Press, Nasik
  - Currency Note Press, Nasik
  - Bank Note Press, Dewas
  - Security Paper Mill, Hoshangabad
- Provisionally, the company had assets and equivalent liability amounting to ₹ 3237 crore. The employee strength of all the nine units of SPMCIL at present is about 13500. Client of two currency presses is RBI for currency notes. For another two security presses, clients are State Governments for non judicial stamp papers and allied stamps and Postal Department for postal stationery, stamps etc. Security presses also produce various security items like cheques for various clients and passport, visa stickers and other travel documents for Ministry of External Affairs. For mints, major work relates to making coins for RBI and medal production for distribution through corporate entities though small payments are received from individuals for commemorative coins etc.
- As on 31-3-2011, SPMCIL has an asset base of ₹4978.09 crores and profit after tax for the above period is ₹ 577.19 crore. The company has paid a dividend of ₹ 115.44 crores & dividend distribution tax of ₹ 19.17 crores during Financial Year 2010-11.

- During the current financial year SPMCIL has been able to meet the indents received from RBI for production of the currency/bank notes. It has achieved the target for minting of coins for Government of India, postal stationery for Department of Post and printed stamp papers for State and other agencies.
- Nine units of SPMCIL are engaged in the production of security paper, printing of security documents and minting of coins, medals etc. Details of the production of major products during the current year is as under:

#### Details of Production for the period from 01.04.2011 to 31.12.2011

| Sl. No. | Products                                | Production (in million pieces) |
|---------|---|--------------------------------|
| 1.      | Bank Notes                              | 4454                           |
| 2.      | Coins                                   | 4610.36                        |
| 3.      | Post Cards                              | 77.77                          |
| 4.      | Envelopes                               | 15.77                          |
| 5.      | Inland Letter Cards                     | 21.22                          |
| 6.      | Postage Stamps & Indian Postal Orders   | 28.15                          |
| 7.      | Commemorative Stamps                    | 9.234                          |
| 10.     | Adhesive Stamps                         | 7.344                          |
| 11.     | N.J & Allied Stamps                     | 253.85                         |
| 12.     | Saving Instruments                      | 33.290                         |
| 13.     | Non MICR Cheques                        | 0.842                          |
| 14.     | MICR Cheques                            | 30.248                         |
| 15.     | Misc. Security Forms & Court fee stamps | 45.20                          |
| 16.     | Passport & Allied Booklets              | 5.84                           |
| 17.     | Stickers/Labels/ I.Cards/ Seals         | 4.588                          |
| 18.     | Security Paper                          | 2137 MT                        |

#### Details of Sales of major products for the period from 01.04.2011 to 31.12.2012

| Sl. No.      | Main Products           | Sales (₹ in Crore) |
|--------------|-------------------------|--------------------|
| 1.           | Bank Notes              | 746                |
| 2.           | Coins and Medals        | 953                |
| 3.           | Other Security Products | 436                |
| <b>TOTAL</b> |                         | <b>2135</b>        |

- During the current financial year the company has Inaugurated a new bank note printing line at Bank Note Press at Dewas, M.P. The State of Art new bank note printing line will facilitate incorporation of additional print based security features to deter counterfeiting. It has facilities of online inspection, software for production management and improved feeding systems

with energy efficient and environment friendly operations.

- The company is also setting up of a new bank note paper line at Security Paper Mill, Hoshangabad (M.P.) including stock preparation plant. Varnishing coating machine for bank notes commissioned at Currency Note Press at Nasik.
- The company has also initiated a giant step towards Indigenization of currency paper in India by entering into a joint venture with Bank Note Paper Mill India Private Limited (BNPMIPL) at Mysore. The total cost of the project is about ₹ 1200 crores and it is likely to be completed in the financial year 2014-15. On implementation of the project the company will meet most of its requirement of currency paper indigenously and will not be dependent on import of papers.
- During the year the company also implemented R&D projects in the field of security paper, security printing and coin metallurgy and innovative CSR projects in the field of education, health & family welfare, environment and social development. Numerous initiatives under

Public Awareness Programme for population control were taken up at Hoshangabad (M.P.) Mid day meal programme for children in Rural Areas of Kalyan & Thane District of Maharashtra supported through Indian Red Cross Society was also undertaken. The company also supported Health & Family welfare programme through Jansankhya Sthirta Kosh in the states of Madhya Pradesh, Orissa, Rajasthan and Chhatisgarh.

- During the year the company has got its Procurement Manual released by Hon'ble Union Minister of Finance in May 2011. The same is now vigorously followed by all units of the company in procurement functions.
- SPMCIL has envisaged modernization of security paper mill, capacity enhancement of security paper production, modernization of currency printing units and automation of various activities being carried out in a traditional manner. In order to meet strategic initiatives to prevent counterfeit currency through indigenization of bank note paper, ink & R&D etc a number of projects are being undertaken. Details of important projects, ongoing and in the pipeline are as under:

#### Details of Important projects under implementation/to be undertaken in the year 2012-13

| Name of project   | Sanctioned Cost<br>(₹ in crore) | Scheduled date of completion | Total cumulative exp. till beginning of the year | Total exp. planned during 2012-13 | Likely date of completion | Output/ Outcome                     | Remarks   |
|---|---------------------------------|------------------------------|--|-----------------------------------|---------------------------|-------------------------------------|---|
| 1   | 2                               | 3                            | 4  | 5                                 | 6                         | 7                                   | 8   |
| One line of paper mill at SPM, Hoshangabad                                  | 494                             | 31.10.2013                   | 104  | 312                               | 31.10.2013                | 6000 MT/ Year                       | As replacement of one old existing line.                                |
| Replacement of old printing & finishing plant & machinery                   | 580                             | 31.03.2014                   | 180  | 100                               | 31.03.2014                |                                     | Replacement of three old existing line                                  |
| On line inspection system/online jogging equipment at BNP / CNP             | 15                              | 31.03.2013                   | -  | 15                                | 31.03.2013                |                                     | Upgrading currency printing machine.                                    |
| J.V. with BRBNMPL for setting new security paper mill                       | 1200<br>(SPMCIL share 50%)      | 30.04.2014                   | 100  | 200                               | 30.04.2014                | 12000MT/ Year<br>(SPMCIL share 50%) | Production of Paper as import substitute in joint venture with BRBNMPL. |
| 6 colour offset sheet fed machine   | 20                              | 31.03.2013                   | -  | 20                                | 31.03.2013                |                                     | Replacement of outlived machine   |
| Semi finishing machines (counting, banding, shrink wrap & labeling machine) | 12                              | 31.03.2013                   | -  | 12                                | 31.03.2013                |                                     | Modernisation to reduce manual handling of cut notes.                   |
| Multi strike medal press for proof medals & coins                           | 37                              | 31.03.2013                   | 19   | 18                                | 31.03.2013                |                                     |   |

| 1  | 2           | 3          | 4          | 5          | 6          | 7 | 8   |
|--|-------------|------------|------------|------------|------------|---|---|
| Coining presses at various units                                     | 106         | 31.12.2012 | 56         | 50         | 31.12.2012 |   | Replacement of old machines combined with additional capacity   |
| Centrifugal Finishing line (Coin polishing)                          | 75          | 31.03.2013 | 45         | 30         | 31.03.2013 |   |   |
| Automatic Visual inspection machine for coin blanks                  | 10          | 31.03.2013 |            | 10         | 31.03.2013 |   | To improve the quality of coins   |
| Gold/silver Refining plant at Mumbai/ Hyderabad                      | 9           | 31.03.2013 | -          | 9          | 31.03.2013 |   | To create refining capacity at Mumbai/ Hyderabad  |
| CCTV & other security systems in mints                               | 20          | 31.03.2014 | 6          | 7          | 31.03.2014 |   | To strengthen the existing security system at mints   |
| Annealing/hardening electric furnance with intregated Nitrogen plant | 6           | 31.03.2013 | -          | 6          | 31.03.2013 |   |   |
| Laser marking system, hydraulic hobbying press                       | 8           | 31.03.2013 | -          | 8          | 31.03.2013 |   |   |
| Computer aided design (CAD)& computer to offset plate (CTOP)         | 40          | 31.03.2014 | 8          | 16         | 31.03.2014 |   | Creating capacity to design bank notes in house as R&D effort   |
| Computer to intaglio plate (CTIP)                                    | 40          | 31.03.2013 | -          | 40         | 31.03.2013 |   | Creating capacity to design bank notes in house as R&D effort   |
| ERP Project  | 60          | 30.06.12   | 32         | 28         | 30.06.12   |   | To assess the data on-line of different units to initiate decision without any loss of time in collection of information  |
| Corporate Headquarter & Housing Project at Noida                     | 90          | 31.03.2014 | -          | 30         | 31.03.2014 |   | At present company has no building for its corporate office and operating from a rented premises taken on lease. The existing space of about 12,000 sq feet falls short of its requirement of 30,000 sq feet. |
| <b>Total</b>   | <b>2222</b> |            | <b>550</b> | <b>885</b> |            |   |   |

## DEPARTMENT OF FINANCIAL SERVICES

### INTRODUCTION

The Department of Financial Services (DFS) is mainly responsible for policy issues relating to Public Sector Banks (PSBs) and Financial Institutions including their functioning, appointment of Chairman cum Managing Directors (CMDs) & Executive Directors (EDs), legislative matters, international banking relations, appointment of Governor/Deputy Governor of Reserve Bank of India, matters relating to National Bank for Agriculture and Rural Development (NABARD), Agriculture Finance Corporation, co-operative banks, Regional Rural Banks (RRBs), rural/agriculture credit, Financial Inclusion, matters relating to Insurance sector and performance of public sector insurance companies, administration of various Insurance Acts, pension reforms including the New Pension System (NPS), legislative and other issues regarding the Pension Fund Regulatory and Development Authority (PFRDA) etc.

#### Major Schemes administered by DFS are as under:-

**(i) Interest Subvention for providing Short-Term Credit to Farmers** - The Government subsidizes the interest rate on loans to farmers through an Interest Subvention Scheme, so that short-term crop loans upto ₹3.00 lakh are available to farmers at an interest rate of 7% per annum. This Scheme has been under implementation since 2006-07 and it is continued year after year. NABARD implements the Scheme in respect of Cooperative Banks and Regional Rural Banks (RRBs) and RBI implements the Scheme in respect of Public Sector Banks. As per approval to the continuation of the scheme during 2011-12, in addition to interest subvention to provide short term crop loans to farmers upto ₹3.00 lakhs @ 7% p.a., following components have been added:

- a. Additional interest subvention of 3% to those farmers who repay on time.
- b. Interest subvention to small and marginal farmers having Kisan Credit Cards for six months post harvest on the same rate as for short term crop loan against negotiable warehouse receipts for keeping their produce in warehouses.

During 2010-11, an amount of ₹3531.19 crore (₹2100 crore to NABARD and ₹1431.19 crore to RBI) was released under the Scheme. In 2011-12, there was a provision of ₹4868 crore which was reduced to ₹4000 crore keeping in view the trends of claims from nodal agencies. An amount of ₹1,422.96 crore was sanctioned during 2011-12 (upto December, 2011). A provision of ₹6,000 crore is proposed in BE 2012-13.

The quantum of subsidized agricultural loans disbursed by banks under the Scheme during the last three years is as under:

| Year           | Amount of subsidized loans disbursed (₹in crore) |                            |             |
|----------------|--|----------------------------|-------------|
|                | Public Sector Banks                              | Cooperative Banks and RRBs | Total       |
| <b>2008-09</b> | 94,147.87  | 62,642.72                  | 1,56,790.59 |
| <b>2009-10</b> | 1,28,164.75                                      | 86,748.05                  | 2,14,932.80 |
| <b>2010-11</b> | 74,344.21*                                       | 1,02,335.49                | 1,76,679.70 |

(\*Provisional)

**(ii) Revival of Long-Term Cooperative Credit Structure (LTCCS)** - Based on the recommendations of Vaidyanathan Task Force-II, a revival package for the Long Term Cooperative Credit Structure (LTCCS) was approved by the Government of India on 26.02.2009. The total outlay for implementation of LTCCS is ₹3070.00 crore (₹2206.00 crore for GoI, ₹482.00 crore for State Government and ₹382.00 crore for Agriculture and Rural Development Banks. A sum of ₹20.00 crore was released to NABARD for implementation of this package during 2008-09. A provision of ₹1000.00 crore was made in BE 2010-11 as well as in 2011-12. However, the Government of India constituted a Task Force to assess the impact of the implementation of the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 and Short Term Cooperative Credit Structure (STCCS) package on the financial health of the LTCCS. The package for LTCCS is being finalised keeping in view the Report of the Task Force.

**(iii) Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF)** - The Government had constituted two Funds, viz. Financial Inclusion Fund' for meeting the cost of developmental and promotional interventions for ensuring financial inclusion and 'Financial Inclusion Technology Fund' to meet the cost of technology adoption. The funds are housed in NABARD and consist of an overall corpus of ₹500.00 crore to be contributed by the GoI, RBI and NABARD in the ratio of 40:40:20 in a phased manner over five years depending upon utilization of funds. Accordingly, an amount of ₹10.00 crore each for these two Funds was released to NABARD in 2007-08 as initial contribution of GoI for creation of these two Funds. In 2009-10, 2010-11 and 2011-12 also, a sum of ₹10 crore each for these two Funds was released to NABARD. A provision of ₹20 crore for FIF and ₹30 crore for FITF is proposed in BE 2012-13.

**(iv) Capitalisation of Public Sector Banks** - To enable the Public Sector Banks (PSBs) to maintain their Tier-1 CRAR at 8% as also to raise Government of India's holding in all PSBs to 58%, the Government infused a sum of ₹20,117.23 crore in various PSBs in 2010-11. Having considered the requirement of additional funds from various PSBs, provision of ₹ 6,000 crore in BE 2011-12 has been raised to ₹12,000 crore in RE 2011-12. A provision of ₹14,588 crore is proposed for recapitalisation of PSBs during 2012-13.

**(v) Recapitalisation of Regional Rural Banks (RRBs)** - In accordance with the recommendations of a Committee on Recapitalisation of RRBs under the Chairmanship of Dr. K.C. Chakrabarty, Deputy Governor of RBI to suggest measures to bring CRAR of RRBs to at least 7% in a time bound manner and further to 9% by March, 2012, Government decided to recapitalize 40 RRBs. Accordingly, a provision of ₹350.00 crore was made during 2010-11 out of which a sum of ₹66.49 crore was released in respect of five RRBs. In 2011-12, there was a provision of ₹500 crore in BE which was reduced to ₹200 crore in RE 2011-12. Upto December, 2011, an amount of ₹110.83 crore was released to ten RRBs. A provision of ₹200 crore is proposed in BE 2012-13.

**(vi) Interest Subvention on Housing Loans upto ₹15.00 lakh-** Under this Scheme, 1% interest subvention on housing loans upto ₹15.00 lakh is provided through nodal agencies, i.e. Reserve Bank of India and National Housing Bank to the scheduled commercial banks and the housing finance companies registered with the National Housing Bank. The interest subsidy will be available upto March, 2012. In 2010-11, ₹38.54 crore was released to nodal agencies under this Scheme. In 2011-12, provision of ₹500 crore in BE was reduced to ₹300 crore in RE 2011-12 and an amount of ₹99.61 crore was released upto December, 2011.

**(vii) Swavalamban Scheme under New Pension System (NPS)-**The pension sector reforms were initiated in India to establish a robust and sustainable social security arrangement in the country since only about 12-13 per cent of the total workforce was covered by any formal social security system. With a view to providing adequate retirement income, the New Pension System (NPS) was introduced by the Government of India and made mandatory for all new recruits in the Government (except Armed Forces) with effect from 1<sup>st</sup> January, 2004.

To extend the benefit of NPS to the unorganized sector, 'Swavalamban Scheme' was approved by the Government as announced in the Budget Speech of 2010-11. The Scheme is aimed at encouraging the people from unorganized sector to voluntarily save for their retirement by enrolling themselves under the NPS. Any citizen in the unorganized sector, who joins NPS with an annual contribution of minimum ₹1000.00 and maximum ₹12000.00, will receive a Government contribution of ₹1,000 in his NPS account. The Government of India has, therefore, become a direct stakeholder in the old age income security of every citizen. The Scheme is available upto the year 2013-14. In 2010-11, a sum of ₹53.50 crore was released under the Scheme. Budget provision of ₹220 crore approved in 2011-12 was reduced to ₹110 crore in RE 2011-12. A further sum of ₹220 crore is proposed for the Scheme in BE 2012-13.

**(viii) Varishtha Pension Bima Yojana (VPBY)-**VPBY meant for senior citizens aged 55 years and above was launched on 14.7.2003 and withdrawn on 9.7.2004. Approximately 3.5 lakh pensioners got enrolled under the Scheme who get an effective yield of 9% per annum on their investment. The difference between the effective yield of 9% paid to the pensioner and that earned by LIC is compensated to LIC as subsidy by the Government of India. A sum of ₹175.70 crore was released in 2010-11. A sum of ₹199.61 crore approved in BE 2011-12 has been marginally reduced to ₹190.38 crore in RE 2011-12. Further, a provision of ₹182.25 crore is proposed in BE 2012-13.

**(ix) Janshree Bima Yojana (JBY)-**The Scheme provides life insurance protection to the rural and urban persons living below the poverty line and marginally above the poverty line. It provides coverage of ₹30,000 on natural death, ₹75,000 on the death or total permanent disability due to accident and ₹37,500 on partial permanent disabilities. Scholarship as a free add-on benefit is also provided to a maximum of two children of the beneficiary studying between 9<sup>th</sup> and 12<sup>th</sup> Standard @ ₹100.00 per month for each child. The premium under the Scheme is ₹200.00 per annum, 50% of which is contributed by the beneficiary/State Government/nodal agency and the balance of 50% is drawn from the Social Security Fund contributed by the Government of India and maintained by LIC.

Women Self Help Groups (SHGs) have been chosen for special attention under this Scheme, with a view to rapidly scale up coverage of all women SHGs credit linked to Banks. LIC coordinates with Banks, NABARD and other State agencies in order to extend coverage to all credit linked Women SHGs. During 2010-11, a total number of 2,09,78,825 lives were covered under this Scheme. As on 30.11.2011, 12,30,318 women SHGs with 96,85,795 lives have been covered.

A sum of ₹500.00 crore was placed in 2008-09 by the Government of India in the Social Security Fund maintained by the LIC. As per the requirement put forth by LIC in view of depletion of the corpus of the Fund, Government decided to contribute a further sum of ₹100 crore to the fund during 2011-12 and, a sum of ₹175 crore is proposed in BE 2012-13.

**(x) Augmentation of the Capital base of NABARD-**The Government of India has approved augmenting the capital of the National Bank for Agriculture and Rural Development (NABARD) by infusing equity of ₹ 3,000 crore in two tranches of ₹ 1,000 crore in 2011-12 and ₹ 2,000 crore during 2012-13, so as to strengthen its capital base and, thereby, enhance its borrowing capacity to meet its developmental mandate.

**(xi) Women's SHGs Development Fund-**In pursuance of Budget announcement 2011-12, Women's Self Help Groups (SHGs) Development Fund has been created in NABARD to empower women by promoting their Self Help Groups. The Fund would be utilized in districts identified for providing refinance to banks against the first time loans given to women SHGs developmental activities, financing micro enterprises set up by Women SHGs and support the promotion of women SHGs in the project area. There is a provision of ₹100.00 crore for this Fund during 2011-12 and a provision of ₹200.00 crore is proposed in BE 2012-13



Statement of Outlays and Outcomes 2012 -13

| S. No. | Name of the Scheme/Programme  | Objective/Outcome   | Outlay 2012-13<br>(₹ In Crore) | Quantifiable Deliverables/<br>Physical Outputs | Projected Outcomes | Processes/<br>Timelines   | Remarks/<br>Risk Factors   |   |  |
|--------|---|---|--------------------------------|--|--------------------|---|--|---|--|
| 1      | 2   | 3   | 4                              | 5  | 6                  | 7   | 8  |   |  |
|        |   |   | 4(i) Non-Plan                  | 4(ii) Plan                                     | 4(iii) EBR         |   |  |   |  |
| 1.     | Major Head 2235 – Payment to Life Insurance Corporation of India for Pension Plan for Senior Citizens                       | Subsidising Pension Plan for Senior Citizens  | 182.25                         | -  | -                  | Under the Scheme, about 3.5 lakh pensioners get an effective yield of 9% per annum during the currency of the Scheme, are being subscribers provided benefits under the Scheme. | Scheme was in operation between 14.7.2003 and 9.07.2004. However, the benefits to the subscribers are continuing.        | No risk involved.   |  |
| 2.     | Major Head 2235 – Swavalamban Scheme.   | To extend the coverage under New Pension System (NPS) to 30 lakh subscribers  | 220.00                         | -  | -                  | The Scheme is aimed at encouraging the people from unorganized sector to voluntarily save for their retirement by enrolling themselves under the NPS.                           | To enroll additional 10 lakh subscribers under the Scheme every year.  | The projected outcomes are subject to informal labour market conditions, low intermittent income and low financial knowledge, performance of Aggregators and Points of Presence (PoPs). |  |
| 3.     | Major Head 2235 – Government's contribution to augment the Social Security Fund maintained by LIC for Janshree Bima Yojana. | The scheme provides life insurance protection to the rural and urban persons living below poverty line and marginally above poverty line. | 175.00                         | -  | -                  | The premium under the Scheme is ₹200/- per annum, 50% of which is contributed by the beneficiary/State Government/nodal agency and the remaining 50% is                         | Persons between age group 18 to 59 years and who are the members of the 45 identified occupational/vocational groups are | Continuing scheme   | Government is required to recoup the Social Security Fund for this Scheme from time to time. |

\*CEBR - Complementary extra budgetary resources i.e., expenditures committed for the purpose by entities other than the Central Government.

| 1  | 2   | 3   | 4  | 5             | 6              | 7   | 8   |  |
|----|---|---|--|---------------|----------------|---|---|--|
|    |   |   | 4(i)<br>Non-Plan   | 4(ii)<br>Plan | 4(iii)<br>CEBR |   |   |  |
|    |   |   | <p>drawn from the Social Security Fund contributed by Government of India and maintained by LIC.</p> |               |                |   |   |  |
| 4. | Major Head 2416– Interest subvention for providing short term credit to farmers.                      | Interest relief to farmers on short term production credit. | 6000.00  | -             | -              | <p>Farmers will benefit from the much needed interest relief on short-term loans upto an amount of ₹.3.00 lakh.</p> | <p>This is a subsidy to farmers. No risk factor is involved.</p>  |  |
| 5. | Major Head 2416 – Grants-in-aid for revitalisation of Long-Term Co-operative Credit Structure (LTCCS) | Revitalization of Term Cooperative Structure in the country | 500.00   | -             | -              | <p>Long Term Cooperative Credit Structure shall be strengthened</p>   | <p>This is a subsidy to the Cooperative Credit Structure in the country. No risk factor is involved.</p>  |  |
|    |   |   |  |               |                |   | <p>The Government of India had constituted a Task Force to assess the impact of the implementation of the ADWDRS, 2008 and STCCS package on the financial health of the LTCCS before implementing the package. This Task Force has submitted its report which has been accepted by the Govt. The package is under finalization.</p> |  |

| 1  | 2  | 3   | 4             | 5              | 6   | 7   | 8  |
|----|--|---|---------------|----------------|---|---|--|
|    |  | 4(i)<br>Non-Plan  | 4(ii)<br>Plan | 4(iii)<br>CEBR |   |   |  |
| 6. | Major Head 2416 – Financial Inclusion Fund (FIF)   | Support promotional and developmental activities with a view to securing greater financial inclusion, particularly among weaker sections, low income groups and backward regions/hitherto unbanked areas.   | -             | -              | To ensure access to timely and adequate credit and financial services to weaker sections and low income groups at an affordable cost with the objective of supporting professional and developmental activities with a view to securing financial inclusion                               | The Fund is being operated from the year 2007-08 onwards.                                 | The Fund, being maintained by NABARD, has been constituted with share in the ratio of 40:40:20 by GOI, RBI and NABARD. ₹10.00 crore each released in 2007-08, 2009-10, 2010-11 and 2011-12 as GOI share.     |
| 7. | Major Head 2416 – Financial Inclusion Technology Fund (FITF)                                   | To enhance investments in information communication technology aimed at promoting financial inclusion, stimulating transfer of research and technology in financial inclusion, increasing technological absorption capacity of financial service providers/users. | 30.00         | -              | To extend facility under technological development to ensure access to timely and adequate credit and financial services to weaker sections and low income groups at an affordable cost with the objective of stimulating the transfer of research and technology in financial inclusion. | The Fund is being operated from the year 2007-08 onwards.                                 | The Fund, being maintained by NABARD, has been constituted with share in the ratio of 40:40:20 by GOI, RBI and NABARD. ₹10.00 crore each was released in 2007-08, 2009-10, 2010-11 and 2011-12 as GOI share. |
| 8. | Major Head 2416 – Grants-in-aid to NABARD for Women's Self Help Groups (SHGs) Development Fund | The fund will provide financial assistance to Women SHGs in unserved and underserved areas.   | -             | 200.00         | It will promote financing of Women's SHGs in backward areas/ districts of the country. It would enable Women SHGs to take up economic activities.   | This will enable banks to enhance its outreach to the poor women in the backward regions. | This is refinance to banks.  |

| 1   | 2  | 3   | 4                | 5             | 6              | 7  | 8  |
|-----|--|---|------------------|---------------|----------------|--|--|
|     |  |   | 4(i)<br>Non-Plan | 4(ii)<br>Plan | 4(iii)<br>CEBR |  |  |
| 9.  | Major Head.2885 – Payment of Subsidy to Nodal Agencies, i.e., Reserve Bank of India and National Housing Bank  | The provision is for providing 1% interest on housing loans upto ₹15.00 lakh and through nodal agencies i.e. Reserve Bank of India and National Housing Bank.                 | 400.00           | -             | -              | The interest subsidy will be routed through the scheduled commercial banks and the housing finance companies registered with National Housing Bank.                  | No risk factor involved.   |
| 10. | Major Head 3465 – Transfer to Redemption Fund for Securities redeeming Marketable Redemption Fund Securities issued against subscription in the Rights issue of State Bank of India, 2008. | To contribute to Securities Redemption Fund for redeeming Marketable Redemption Fund Securities issued against subscription in the Rights issue of State Bank of India, 2008. | 625.00           | -             | -              | A sum of ₹625 crore is to be transferred every year by the Government Securities Fund created for this purpose towards its redemption these Securities, on due date. | No risk factor is involved as it is only a transfer to the Securities Redemption Fund already created for the purpose.                                 |
| 11. | Major Head 4416 - Recapitalisation of Regional Rural Banks (RRBs).   | To bring Capital to Risk Weighted Assets Ratio (CRAR) of RRBs to at least 7% in a time bound manner and further to 9%.  | -                | 200.00        | -              | Improvement in financial health of RRBs so as to reduce their losses and increase their lending capacity   | risk factor involved.  |
| 12  | Major Head 4416 - Subscription to Share Capital of NABARD.   | Augmenting of the capital base of the National Bank for Agriculture and Rural Development (NABARD) by infusing equity of ₹3000 crore.   | -                | 500.00        | -              | It will enhance NABARD's borrowing capacity to meet its developmental mandate.   | This is Government of India subscription to ₹1000 crore in 2011-12 and ₹2000 crore during 2012-13. capital base of NABARD. No risk factor is involved. |

| 1  | 2  | 3  | 4                | 5             | 6   | 7   | 8   |
|----|--|--|------------------|---------------|---|---|---|
|    |  |  | 4(i)<br>Non-Plan | 4(ii)<br>Plan | 4(iii)<br>CEBR  |   |   |
| 13 | Major Head 4885 - Subscription to the share capital of India Infrastructure Finance Company Ltd. (IIFCL) | To supplement the available long term finance for commercially viable infrastructure projects.   | -                | 400.00        | - IIFCL will fill the gap for long term infrastructure finance which banks and other institutions are unable to provide.  | To increase the paid-up capital of the company. This will facilitate the company to expand its loan portfolio and strengthen its fundamentals.  | As a financial intermediary, IIFCL Ltd. faces credit risk, market risk and operational risk.  |
| 14 | Major Head 4885 - Subscription to the share capital of EXIM Bank.  | Strengthening the equity base of EXIM Bank.  | -                | 200.00        | - Grow the disbursements under Export Lines of Credit (LOCs) during FY2012-13 to US \$ 907 million (About 20% growth over the estimated US \$ 756 million of disbursements under LOCs during FY 2011-12). | Will help promote India's exports to other countries  | Credit risk, liquidity risk, interest rate risk and foreign exchange risk   |
| 15 | Major Head 5465 - Recapitalisation of Public Sector Banks (PSBs)   | For recapitalisation of PSBs through equity support to maintain their Tier 1 CRAR at 8% as also to raise Government of India's holding in all PSBs to 58%. | -                | 14,558.00     | - To enable the PSBs to maintain a comfortable level of Tier 1 CRAR and to raise Government of India's holding in all PSBs to 58%.  | Comfortable level of One year CRAR enables the PSBs to support the credit requirements of the productive sectors of the economy leading to, amongst others, increased employment opportunities and the overall GDP growth in the country. | It is an investment by the Government in the PSBs to enable them to respond positively and effectively to the growing credit requirements of the productive sectors of the economy. |

## REFORM MEASURES AND POLICY INITIATIVES

### 1. Legislative Initiatives

Department has taken following legislative initiatives:

**(i) The Factoring Regulation Act, 2011** – In order to provide for a comprehensive legislative framework for development of factoring business in India by determining the rights, liabilities and obligations of the parties involved, the Factoring Regulation Act, 2011 has been enacted. This will, in-turn, help to mitigate the problem of delayed payments to industrial and commercial undertakings, especially MSME Units, and would increase the credit access to MSME section thereby increasing economic growth and employment.

**(ii) Banking Laws (Amendment) Bill, 2011** has been introduced in the Lok Sabha on 22<sup>nd</sup> March, 2011, which seeks to amend the Banking Regulation Act, 1949, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980. It would strengthen the regulatory powers of RBI and also enable the nationalised banks to raise capital through bonus and rights issue and would also enable them to increase or decrease the authorised capital with approval from the Government and RBI without being limited by the ceiling of a maximum of ₹3000 crore. The Bill was referred to the Standing Committee on Finance for examination and report thereon. The Committee gave its report on 13<sup>th</sup> December, 2011 and has recommended enactment of the Bill, subject to some modifications.

**(iii) The LIC (Amendment) Bill, 2011** was passed by the Parliament. The amendment will enable LIC to raise its equity capital from ₹5 crore to ₹100 crore and create a reserve fund to be used for its business expansion and meeting its corporate social responsibilities.

**(iv) The Exim Bank Act 1981** was amended through Exim Bank Amendment Bill, 2011 to increase the authorized capital of the Bank from ₹ 2000 crore to ₹10,000 crore, with a provision of empowering the GOI to increase the authorized capital further, and to make a provision for appointment of two-Whole Time Directors, other than the Chairman and Managing Director (CMD). The Bill was passed by both the Houses of the Parliament and after assent of the President, the amendment to the Act has been notified.

Increase in authorised capital will help the EXIM Bank in raising its headroom for further borrowings, fund Export Line of Credits, enable bank to maintain its international credit rating at the same level as the sovereign rating and enable the bank to take large single/group exposure norms. Provision for appointment of two Whole Time Directors other than Chairman and Managing Director will strengthen the organizational structure at the top level in order to continue to maintain high standards of performance and also bring EXIM Bank on par with other Financial Institutions (FIs) such as NABARD and SIDBI where there are one and two Whole Time Directors in addition to CMD.

2. A Key Advisory Group has been constituted on 16<sup>th</sup> November, 2011 under the Chairmanship of Secretary (Financial Services) to examine the issues relating to Payment Systems in India. The terms and references of the Key Advisory Group are as under:-

- (i) Review of existing legal / regulatory / institutional framework for payment system and its efficacy;
- (ii) Action plan including policy initiatives for orderly growth of the sector;
- (iii) To recommend the legal / institutional / regulatory initiatives related measures required for orderly growth of the sector;
- (iv) To study the reforms of Electronic Payment Systems, Clearing Houses, Currency Chests, ATMs, Credit and Debit Cards in India.

**3. Green initiative : e-Governance** - Government has issued instructions to all Public Sector Banks, Financial Institutions and Public Sector Insurance Companies for enhanced / maximum use of Electronic Payment Systems, enhanced realization of the potential of Core Banking System (CBS)/Customer Information System (CIS) network, and for putting in place effective and elaborate Video-Conferencing facilities for seamless communication between the controlling offices and field offices on the one side and between the branches / offices and the customers or other authorities on the other side.

Government has also advised RBI to issue appropriate guidelines to the private sector Banks and the Non-Banking Financial Companies (NBFCs) for taking certain pro-active steps, such as increased use of electronic Payment Systems, elimination of post dated cheques and gradual phase out of cheques.

### 4. Pension Reforms

The pension sector reforms were initiated in India to establish a robust and sustainable social security arrangement in the country against the backdrop that only about 12-13 per cent of the total workforce was covered by any formal social security system. The New Pension System (NPS) has been introduced by the Government of India with effect from 1st January, 2004. The features of the NPS design are self-sustainability, portability and scalability. Based on individual choice, it is envisaged as a low-cost and efficient pension system backed by sound regulation. As a pure “Defined Contribution” product with no defined benefit element, returns would be totally market-related. The NPS provides various investment options and choices to individuals to switch over from one investment option to another or from one fund manager to another, subject to certain regulatory restrictions.

It has been made mandatory for all new recruits to the Government (except Armed Forces) with effect from 1st January, 2004 replacing the existing system of defined benefit pension system. NPS has also been rolled out to all citizens with effect from 1st May, 2009 on a voluntary basis. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including thirty seven institutional entities as Points of Presence (PoPs) that will serve as pension account

opening and collection centres, a Centralized Record Keeping Agency (CRA) and six Pension Fund Managers to manage the pension wealth of the investors. PFRDA adopted a transparent, non-discretionary, competitive bidding process for selection of NPS intermediaries, in line with the best international practice, for ensuring high quality service delivery for NPS subscribers at optimum cost.

As of date, 27 State Governments/UT Governments have notified to join the NPS. Of these, 23 (twenty three) States have already signed agreement with NPS Trust and 24 (twenty four) States have signed agreements with CRA for carrying forward the implementation of the NPS. The other States are at different stages of preparation for roll out of NPS. In addition, over 18.74 lakh employees of the Central and various State Governments are already a part of the NPS. The corpus being managed under the NPS is ₹ 12,407.37 crore. The endeavour of PFRDA is to move swiftly towards individual retirement accounts so that the benefits of individual investments are available to the Government subscribers.

Under the NPS for all citizens, a subscriber has the facility to open NPS account at any of the registered branches (14,891 branches so far) of the 37 PoPs appointed by PFRDA. Initially, PoPs are offering NPS at limited number of branches. However, in due course, the number of such branches will grow and cover every part of the country. This will be a major focus area for the PFRDA in the coming years. The offer document containing

details of the NPS, application form for opening NPS account and welcome brochure are available on the website of PFRDA ([www.pfrda.org.in](http://www.pfrda.org.in)) as well as the website of other NPS intermediaries. Details of NPS intermediaries including Points of Presence and Pension Funds are also available on the PFRDA website.

### **5. Financial Inclusion**

With a view to making available benefits of banking services to the 'Aam Aadmi', the Reserve Bank of India had set up a High Level Committee on the Lead Bank Scheme. After careful assessment of the recommendations of this Committee and in further consultation with the RBI, the Government launched the Swabhiman Scheme in February, 2011 to provide appropriate banking facilities for habitations having population in excess of 2000. 73,000 habitations with a population of over 2000 have been identified for extending banking services through Business Correspondent (BC) and other models with appropriate technology backup in a phased manner by March, 2012. It is also proposed to extend insurance and other services like remittances of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and other payments to the targeted beneficiaries through banking channels. As on 31.12.2012, 52,623 habitations have been covered by the Public Sector Banks and Private Sector Banks/Regional Rural Banks/Cooperative Banks.

## REVIEW OF PAST PERFORMANCE

### Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008

In 2008-09, Government had announced ADWDRS for farmers covering all agricultural loans disbursed by Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Cooperative Banks (including Urban Cooperative Banks) and Local Area Banks (LABs) upto 31st March, 2007, overdue as on 31st December, 2007 and that remained unpaid until 29.02.2008. There was a complete waiver for small and marginal farmers while there is a One-Time Settlement (OTS) scheme for other farmers for the loans covered during these periods. The OTS offers a rebate of 25% against payment of the balance amount of 75%. The Scheme was implemented by its due date i.e. 30.06.2008 so as to make them eligible for availing fresh credit from the lending institutions. However, the last date for payment of 75% by "Other Farmers" under OTS Scheme was extended upto 30<sup>th</sup> June, 2010.

Reimbursement of claims to the lending institutions is made in instalments on the basis of duly certified and audited claims through the respective nodal agencies, i.e. RBI and NABARD. An amount of ₹.25,000 crore was reimbursed under the Scheme to the lending institutions during 2008-09, ₹15,000 crore during 2009-10, ₹.11,340.47 crore during 2010-11 and ₹1079.41 crore in 2011-12 (upto December, 2011).

In respect of Public Sector Banks, Private Sector Banks and Local Area Banks, 104 lakh farm loan accounts and in respect of Regional Rural Banks (RRBs) and Cooperative Banks, 186.92 lakh farm loan accounts have been benefited under the Scheme. Thus, 2.91 crore farm accounts have been benefitted under the scheme to the extent of ₹52,419.88 crore.

### Interest to lending institutions towards implementation of Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS)

Due to staggered schedule drawn for reimbursing the claims of lending institutions, Government of India approved a proposal to pay interest to lending institutions, subsequent to reimbursement of the first instalment of the claims under the Scheme. A sum of ₹3,872 crore was approved for this purpose by the Government on 3rd October, 2008. An amount of ₹149.79 crore was released as interest payment during 2008-09, ₹458.85 crore during 2009-10 and ₹1434 crore during 2011-12. A budgetary provision of ₹287 crore was made for the year 2011-12 out of which ₹178.46 crore has been released upto December, 2011.

### Grant for strengthening the Short Term Cooperative Credit Structure (STCCS)

The Short-Term Rural Cooperative Credit Structure in the country consists of around 92,000 Primary Agricultural Cooperative Credit Societies (PACS), 370 Central Cooperative Banks (CCBs) and 31 State Cooperative Banks (SCBs). For the Revitalization of Short-Term Cooperative Credit Structure in the States, a package of ₹13,596 crore was approved by the Government, on the basis of the recommendations of the Task

Force headed by Prof. A. Vaidyanathan. The expenditure is to be shared by the Government of India, the State Governments and the Cooperative Credit Societies in the ratio of 68:28:4. This has gained momentum with the signing of MoUs by 25 States, viz., Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttrakhand, Uttar Pradesh and West Bengal with NABARD and the Government of India. The Govt. of India has released its entire share of ₹9245.28 crore for implementation of the package. As on 31<sup>st</sup> December, 2011, ₹9002.92 crore has been released by NABARD as Govt. of India's share for recapitalization of 53,205 eligible PACS in 17 States, 1,510 ineligible PACS affiliated to 30 CCBs in three States and 13 CCBs in Odisha.

### Restructuring the liabilities of IDBI Bank Ltd.

Government had approved in February, 2005 for providing assistance amounting to ₹2,521.89 crore to IDBI Ltd. (now IDBI Bank Ltd.) for servicing their high cost liabilities over 2003-04 to 2007-08 by paying interest differential. Entire amount of ₹2521.89 crore was released to IDBI Bank Ltd. upto the year 2010-11.

### Aam Aadmi Bima Yojana (AABY)

AABY was launched on 2<sup>nd</sup> October, 2007 to provide insurance to the head of the family of rural landless household against natural death as well as accidental death and partial/permanent disability. The Scheme also envisages an add-on benefit of providing scholarship upto a maximum of two children of the beneficiary studying between 9<sup>th</sup> and 12<sup>th</sup> Standard at the rate of ₹300.00 per quarter per child. The annual premium payable per member is ₹200, of which 50% shall be paid by the Central Government and the balance of 50% by the State Government. Taking into account the annual cost of the Scheme, ₹1000.00 crore each was provided during 2007-08 and 2008-09 to the Corpus Fund of the Scheme. As on 31.12.2011, the Scheme has covered 1,93,26,860 rural landless households in the country.

### Universal Health Insurance Scheme (UHS)

UHS, meant for BPL families, provides for reimbursement of medical expenses up to ₹30,000/- towards hospitalization expenses on floater basis amongst the entire family, death cover due to an accident, of ₹25,000/- to the earning head of the family and compensation due to loss of earning of the earning member @ ₹50/- per day up to a maximum of 15 days. The Scheme was revised in September, 2008 wherein the premium was reduced and the coverage of benefits was expanded by providing maternity benefits, coverage upto 70 years of age, inclusion of pre-existing diseases and extending the benefit of loss of wages to the spouse of the insured also. 37,226 policies covering 1,70,052 families have been issued under the Scheme up to October, 2011.



**Debt Recovery Tribunals (DRTs)/Debts Recovery Appellate Tribunals (DRATs)**

33 DRTs and 5 DRATs have been established under the provisions of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 for expeditious adjudication and speedy recovery of debts. DRTs/DRATs are providing valuable services to the banks and financial Institutions for effecting recovery of dues. The role of the DRTs has been further enhanced after

enactment of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, which provides for aggrieved parties to make appeals before the DRTs.

As per the provisional data, 10,877 cases involving ₹18,885 crores were disposed of by the DRTs during the period from 1.1.2011 to 31.12.2011.

Statement of Outcome with reference to Outlays and Outcomes - 2010 - 11

| S. No. | Name of the Scheme/Programme   | Objective/Outcome   | Outlay 2010-11<br>(₹ In Crore) | Quantifiable Deliverables/<br>Physical Outputs  | Processes/<br>Timelines   | Risk Factors  | Achievements<br>as on<br>31 <sup>st</sup> March, 2011 |
|--------|--|---|--------------------------------|---|---|---|---|
| 1      | 2  | 3   | 4                              | 5   | 6   | 7   | 8   |
|        |  |   | 4(i)<br>BE                     |   |   |   |   |
|        |  |   | 4(ii)<br>RE                    |   |   |   |   |
| 1      | MH2235 –Farmers Debt Relief Fund for implementation of Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 for farmers      | On granting of debt waiver, the farmer would be entitled to fresh agricultural loans from the Banks in accordance with the normal rules.  | 12000.00                       | The Scheme covered all agricultural loans disbursed by the lending institutions upto 31st March, 2007, overdue as on 31 <sup>st</sup> December, 2007 and that remained unpaid until 29.02.2008. There is a complete waiver for small and marginal farmers while there is a One-Time Settlement (OTS) Scheme for other farmers for the loans covered during these periods. The OTS Scheme covers a rebate of 25% against payment of the balance amount of 75%. | The Scheme was implemented by its due date i.e. 30.6.2008 for the Debt Waiver. As regards the Debt Relief, an extension of time was given upto 30.6.2010 to other farmers to make repayments and avail a rebate of 25% on the due amount. | This is a subsidy to farmers. No risk factor is involved.   | ₹11,340.47 crore was released.                        |
| 2      | MH2235 –Payment of interest to lending institutions towards Agriculture Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 for farmers. | Upon being granted interest on the balance reimbursable claims, the lending institutions will not have to make provisions towards their reimbursable claims as required by RBI. | 1434.00                        | Due to staggered schedule drawn for reimbursing the claims of the lending institutions under ADWDRS, the Government had decided to pay interest to the tune of ₹3872.00 crore to these institutions for the 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> instalments of payment under ADWDRS.  | By March, 2012.   | This is a payment of interest to banks on the staggered reimbursement being made by the Government to banks under the scheme. No risk involved. | Entire provision of ₹1434 crore was released.         |

| 1 | 2   | 3  | 4           | 5   | 6       | 7  | 8   |
|---|---|--|-------------|---|---------|--|---|
|   |   |  | 4(i)<br>BE  |   |         |  |   |
|   |   |  | 4(ii)<br>RE |   |         |  |   |
| 3 | MH2235– Payment to Public Sector General Insurance Companies for Community Based Universal Health Insurance Scheme (UHIS) | To improve the access of health care to BPL families.        | 20.00       | To cover 6.66 lakh families.  | -       | Being subsidy, no risk factor is involved.   | ₹22.00 crore was released. 78,299 policies were issued covering 7,76,959 families.  |
| 4 | MH2235 –Payment to Life Insurance Corporation of India towards Pension Plan for Senior Citizens                           | Subsidizing Pension Plan for Senior Citizens.                | 209.32      | Pensioners who availed of this Scheme, get an effective yield of 9% p.a with subsidy.   | 175.70  | The scheme has been discontinued w.e.f. 09.07.2004   | Subsidy under the scheme ₹175.70 crore was provided to those pensioners who joined the scheme plan. No risk factor is being covered.                  |
| 5 | MH 2416 – Revitalization of Short-Term Co-operative Credit Structure (STCCS).   | Revitalization of Term Cooperative Credit Structure (STCCS). | 984.65      | To revitalize STCCS in the states which implements this package and enters into MoU for this purpose.   | 1014.65 | The revitalization of the STCCS is to be completed within next 1-2 years depending upon the willingness and support of the States. | This is a grant to the Short Term Cooperative in the country. No risk factor is executed with NABARD and Govt. of India for implementing the package. |
| 6 | MH 2416 –Interest subvention for providing short term credit to farmers   | Interest relief to farmers on short term production credit.  | 3000.00     | To provide short term production credits to farmer upto an amount of ₹3.00 lakh at 7% annual interest. Interest subvention of 1.5% is provided to the lending Institutions during 2010-11 on credit provided to farmers from their own funds. | 4000.00 | Period of implementation is extended on yearly basis.  | This is a subsidy to farmers. No risk factor is released. Farmers are benefitted due to much needed interest relief on Short - Term Loans.            |

| 1 | 2   | 3  | 4                     | 5                     | 6  | 7  | 8  |
|---|---|--|-----------------------|-----------------------|--|--|--|
| 7 | MH 2416<br>Revitalization of Long Term Cooperative Credit Structure (LTCCS) | Revitalization of Long Term Cooperative Credit Structure in the country.   | 1000.00<br>4(i)<br>BE | 500.00<br>4(ii)<br>RE | To provide revival assistance for revitalization of LTCCS.   | Draft package revitalization of LTCCS is under consideration of the Government.      | This is a subsidy to the Government of India had constituted a Task Force to assess the impact of the implementation of the ADWDR Scheme, 2008 and STCCS package on the financial health of the LTCCS. Task Force has submitted its report which has been accepted by the Govt. Accordingly, the modified package is under finalization. |
| 8 | MH 2416<br>Financial Inclusion Fund (FIF)                                   | Support promotional and developmental activities with a view to securing greater financial inclusion, particularly among weaker sections, low income groups and backward regions/ hitherto unbanked areas.     | 10.00                 | 10.00                 | To ensure access to financial Services and timely adequate credit facility to 649,54 lakh farmer-households.                                   | The Fund is being implemented from the year 2007-08 onward and timelines is 5 years. | Fund is being maintained by NABARD, with contribution in the ratio of 40:40:20 by GOI, RBI and NABARD. No risk factor is contemplated.   |
| 9 | MH.2416<br>Financial Inclusion Technology Fund (FITF)                       | Enhance investments in information & communication technology and stimulating transfer of research and technology in financial inclusion to improve absorption capacity of financial service providers/ users. | 10.00                 | 10.00                 | To ensure access to financial Services and timely adequate credit facility through technological development to 649,54 lakh farmer households. | The Fund is being implemented from the year 2007-08 onward and timelines is 5 years. | Fund is being maintained by NABARD, with contribution in the ratio of 40:40:20 by GOI, RBI and NABARD. No risk factor is contemplated.   |

4(i)  
BE RE

|    |  |   |        |        |  |                          |                             |   |
|----|--|---|--------|--------|--|--------------------------|-----------------------------|---|
| 10 | MH 2885 –Payment of Subsidy to Nodal Agencies, i.e., Reserve Bank of India and National Housing Bank | The provision is for providing 1% interest subvention on housing loans upto ₹10.00 lakh through nodal agencies i.e. Reserve Bank of India and National Housing Bank.    | 700.00 | 100.00 | The interest subsidy will be routed through the scheduled commercial Banks and the housing finance companies registered with National Housing Bank.                                    | One and half years       | No risk factor involved.    | ₹38.54 crore was released based on the claims received from nodal agencies.   |
| 11 | MH 2885 – Grants to Industrial Bank of India (IDBI)  | For providing assistance amounting to ₹2521.89 crore to IDBI Bank Ltd. in the form of interest differential for servicing their high cost liabilities.                  | 154.33 | 154.33 | This would help the bank to tide over the likely losses on account of servicing their high cost past liabilities.  | -                        | No risk factor involved.    | With release of ₹154.33 crore during 2010-11, GOI has released the total calculated interest differential of ₹2521.89 crore to IDBI Bank Ltd.   |
| 12 | MH 3465 – Contribution to Securities Redemption Fund   | Contribution to Redeemtion Fund for redeeming SLR Marketable Securities issued against subscription in the Rights Issue of equity shares of State Bank of India – 2008. | 625.00 | 625.00 | It is a contribution to the Securities Redemption Fund created for redeeming the Government Securities -2024 issued to SBI towards subscription to its Rights Issue 2008, on due date. | 16 years (upto 2024)     | No risk factor is involved. | ₹625.00 crore was released.   |
| 13 | MH 3465 -Opening of bank branches in unbanked blocks in the country.                                 | To open bank branches in each of the 129 unbanked blocks in the country.  | 50.00  | 50.00  | To open bank branches in each of the 129 unbanked blocks in the country.   | To be done through banks | No risk factor is involved. | The scheme was subsumed in Financial Inclusion Campaign   |
| 14 | MH 4885 – Subscription to the share capital of EXIM Bank   | Strengthening the equity base of EXIM Bank.   | 300.00 | 300.00 | To improve the Bank's - disbursements under Export Lines of credit (LOCs) during FY2010-11 by 20% over the FY 2009-10 LOC disbursements level US \$ 414 million.                       |                          |                             | Credit risk liquidity risk, interest rate risk and foreign exchange risk. ₹300.00 crore was released to increase paid up capital to ₹2000.00 crore. The bank made disbursements aggregating to US \$ 630.00 million under LOCs (to promote India's exports) during 2010-11. |

| 1  | 2   | 3   | 4          | 5           | 6   | 7        | 8   |
|----|---|---|------------|-------------|---|----------|---|
|    |   |   | 4(i)<br>BE | 4(ii)<br>RE |   |          |   |
| 15 | MH 4885 – Improving long term share capital of India Infrastructure Finance Company Limited (IIFCL)                   | – Improving long term financial assistance for infrastructure projects.                             | 500.00     | 500.00      | The Company would fill the gap for long term infrastructure finance, which Banks and other institutions are unable to provide.                          |          | As a financial intermediary the company faces credit risk, liquidity risk and operational risk. At the end of March 2011, the cumulative sanctions made by the Company were ₹31,777.66 crore in 176 projects. |
| 16 | MH 4885 – Subscription to Tier-I instrument of Nationalized Banks to augment their capital fund                       | – To augment the funds of Central Bank of India, UCO Bank, Vijaya Bank & United Bank of India.      | 1500.00    | 1500.00     | To augment the Share Capital of Central Bank of India, UCO Bank, Vijaya Bank, United Bank of India to maintain comfortable level of CRAR.               | One year | It is an investment by the Government in the PSBs to enable them to respond positively and effectively to the growing credit needs of the country.  |
| 17 | MH 5465 – Recapitalization of Public Sector Banks through World Bank Loan   | – To provide assistance to the credit requirement of the economy and to maintain CRAR at around 8%. | 15000.00   | 12657.00    | To enable the PSBs to maintain a comfortable level of CRAR at around 8% to ensure compliance with Basel II regime.                                      | One year | It is an Investment by the Government in the PSBs to enable them to respond positively and effectively to the growing credit needs of the country. No risk factor is involved.                                |
| 18 | MH 5465 – Government's contribution towards capital for setting up of Central Electronic Registry under SARFAESI Act. | – To help reduce frauds, improve securitization and mortgage markets.                               | 25.00      | 25.00       | For registration of transactions relating to securitization and reconstruction of the financial assets and creation of security interest over property. | One year | No risk factor is involved. ₹25.00 crore released. Central Electronic Registry has been set up and is functional.   |

## Statement of Outcome with reference to Outlays and Outcomes-2011 - 12

| S. No. | Name of the Scheme/Programme  | Objective/Outcome   | Outlay 2011-12<br>(₹ In Crore) | Quantifiable Deliverables/<br>Physical Outputs   | Processes/<br>Timeliness  | Remarks/<br>Risk Factors   | Achievements<br>as on<br>31 <sup>st</sup> December,<br>2011                  |
|--------|---|---|--------------------------------|--|---|--|--|
| 1      | 2   | 3   | 4                              | 5  | 6   | 7  | 8  |
|        |   |   | 4(i)<br>BE                     | 4(ii)<br>RE  |   |  |  |
| 1      | Major Head 2235 – Farmers Debt Relief Fund for implementation of Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 for Farmers     | On granting of debt waiver, the farmer would be entitled to fresh agricultural loans from the Banks in accordance with the normal rules.  | 6000.00                        | The Scheme covered all agricultural loans disbursed by the lending institutions upto 31st March, 2007, overdue as on 31 <sup>st</sup> December, 2007 and that remained unpaid until 29.02.2008. There is a complete waiver for small and marginal farmers while there is a One Time Settlement (OTS) scheme for other farmers for the loans covered during these periods. The OTS offers a rebate of 25% against payment of the balance amount of 75%. | The Scheme was implemented by its due date i.e. 30.6.2008 for the debt waiver. As regards the Debt Relief, an extension of time was given upto 30.6.2010 to other farmers to make repayments and avail a rebate of 25% on the amount due. | This is a subsidy to farmers. crore farmers have benefited under the scheme. | ₹1079.41 crore released. 2.91 crore farmers have benefited under the scheme. |
| 2      | Major Head 2235 – Payment of interest to lending institutions towards Agriculture Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 for Farmers | Upon being granted, the payment of interest on the balance reimbursable claims, the lending institutions will not have to make provisions towards their reimbursable claims as required by RBI. | 287.00                         | Due to staggered schedule drawn for reimbursing the claims of the lending institutions under ADWDRS, the Government has decided to pay interest to these institutions for the 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> instalments and has approved ₹.3872.00 crore for this purpose over a period of 2009-10 to 2011-12.   | Upto March, 2012  | No risk factor is involved.  | ₹178.46 crore released as per claims received from RBI and NABARD.           |

| 1 | 2  | 3   | 4          | 5           | 6   | 7  | 8   |
|---|--|---|------------|-------------|---|--|---|
|   |  |   | 4(i)<br>BE |             |   |  |   |
|   |  |   |            | 4(ii)<br>RE |   |  |   |
| 3 | Major Head 2416- Interest subvention for providing short term credit to farmers.                       | Interest relief to farmers on short term production credit.   | 4868.00    | 4000.00     | To provide short term production credit at 7% interest rate to the farmers upto an amount of ₹.3.00 lakh.   | One year   | This is a subsidy to ₹1422.96 crore farmers. No risk factor is sanctioned. involved.  |
| 4 | Major Head 2416 – Grants-in-aid for revitalisation of Short-Term Co-operative Credit Structure (STCCS) | Revitalisation of Short Term Cooperative Credit Structure in the country  | 0.01       | 0.01        | To revitalize short term Cooperative Credit Structure in the States which agree to implement the package.   | The revitalisation of STCCS is to be completed within next 1-2 years depending upon the willingness and support of the States. | This is a grant to the Short Govt. of India Term Cooperative Credit Structure in the country. share of ₹9245.28 crore for implementation of the package   |
| 5 | Major Head 2416 – Grants-in-aid for revitalisation of Long-Term Co-operative Credit Structure (LTCCS)  | Revitalization of Long Term Cooperative Credit Structure in the country   | 1000.00    | 0.01        | To provide revival package for revitalization of Long Term Cooperative Credit Structure.  | The package required certain changes which are yet to be approved by the Government.   | The Government of India had constituted a Task Force to assess the impact of the implementation of the ADWDRS, 2008 and STCCS package on the financial health of the LTCCS before implementing the package. This Task Force has submitted its report which has been accepted by the Govt. |
| 6 | Major Head 2416 – Financial Inclusion Fund (FIF)   | Support promotional and developmental activities with a view to securing greater financial inclusion, particularly among weaker sections, low income groups and backward regions/hitherto unbanked areas. | 10.00      | 10.00       | To ensure access to timely and adequate credit and Financial Services to weaker sections and low income groups at an affordable cost with the objective of supporting professional and developmental activities with a view to securing financial inclusion.. | The Fund is being operated from the year 2007-08 onward.   | The Fund, being maintained by NABARD, ₹10 crore has been constituted with shares in the ratio of 40:40:20 by GOI, RBI and NABARD. ₹10.00 crore each released in 2007-08, 2009-10 and 2010-11 as GOI share.  |



| 1  | 2  | 3   | 4          | 5           | 6  | 7  | 8  |
|----|--|---|------------|-------------|--|--|--|
|    |  |   | 4(i)<br>BE | 4(ii)<br>RE |  |  |  |
| 7  | Major Head 2416 – Financial Inclusion Technology Fund (FITF)     | To enhance investments in information communication technology aimed at promoting financial inclusion, stimulating transfer of research and technology in financial inclusion, increasing technological absorption capacity of financial service providers/users. | 10.00      | 10.00       | To extend facility under technological development to ensure access to timely and adequate credit and financial services to weaker sections and low income groups at an affordable cost with the objective of stimulating the transfer of research and technology in financial inclusion | The Fund is being operated from the year 2007-08 onward. | The Fund, being maintained by NABARD, ₹10 crore has been constituted with shares in the ratio of 40:40:20 by GOI, RBI and NAABRD. ₹10.00 crore each was released in 2007-08, 2009-10 and 2010-11 as GOI share. |
| 8  | Major Head 4416– Recapitalisation of Regional Rural Banks (RRBs) | To bring Capital to Risk Weighted Assets Ratio (CRAR) of RRBs to at least 7% in a time bound manner and further to 9% by March, 2012.   | 10.00      | 10.00       | Recapitalisation of RRBs to help them bring their CRAR to at least 7%  | One year   | It is Government investment. No risk factor for recapitalisation of 10 RRBs.   |
| 9  | Major Head 3465 – Contribution to Securities Redemption Fund.    | To contribute to redeeming Securities issued against subscription in the Rights Issue of equity shares of State Bank of India, 2008.  | 625.00     | 625.00      | It is a contribution to the Securities Redemption Fund created for redeeming the Government Securities – 2024 issued to SBI towards subscription to its Rights Issue 2008, on due date.  | Upto 2024  | No risk factor is involved as it is only a contribution to the Securities Redemption Fund already created for the purpose.   |
| 10 | Major Head 5465 – Recapitalisation of Public Sector Banks (PSBs) | For recapitalisation of PSBs through equity support to maintain their Tier I CRAR at 8% as also to raise Government of India's holding in all PSBs to 58%.  | 6000.00    | 12000.00    | To enable the PSBs maintain a comfortable level of Tier I CRAR and to raise Government of India's holding in all PSBs to 58%.  | -  | It is an investment by the Government in the PSBs to enable them to respond positively and effectively to the growing credit crisis. needs of the country.   |

| 1  | 2   | 3   | 4          | 5           | 6   | 7            | 8   |
|----|---|---|------------|-------------|---|--------------|---|
|    |   |   | 4(i)<br>BE | 4(ii)<br>RE |   |              |   |
| 11 | Major Head 3465 – Financial Support to the Banks for opening 'No Frills' accounts under 'S w a b h i m a n Scheme'. | This is to provide financial support to the Banks @ ₹140 per financial inclusion beneficiary account for 5.11 crore ₹No Frills' accounts in approx. 73,000 identified habitations | 50.00      | 0.00        | This is aimed at extending banking services through Business Correspondent (BC) and other models with appropriate technology backup as part of Financial Inclusion Plans.                                     | Three Years. | No risk factor is involved as it is only to meet one time fixed cost of opening 'No Frills' Accounts under the Scheme. 55,000 identified habitations have been covered under Financial Inclusion. |
| 12 | Major Head 4885 - Subscription to share capital of India Infrastructure Finance Company (IIFCL) Ltd                 | To supplement the available long term finance for commercially viable infrastructure projects   | 1000.00    | 500.00      | IIFCL will fill the gap for long term infrastructure finance which banks and other institutions are unable to provide   | -            | As a financial intermediary IIFCL Ltd. December, 2011 faces credit risk, market risk and operational risk. cumulatively issued sanctions for 245 projects amounting to ₹56058 crore.              |
| 13 | Major Head 4885 – Subscription to share capital of EXIM Bank  | Strengthening the equity base of EXIM Bank.   | 300.00     | 300.00      | Grow the Bank's disbursements under Export Lines of Credit (LOCs) during FY2011-12 to US \$ 600 million (About 20% growth over the estimated US \$ 500 million of disbursements under LOCs during FY 2010-11) | One year     | Credit risk, liquidity risk, interest rate risk and LOCs disbursed. foreign exchange risk   |
| 14 | Major Head 2235 – Payment to Life Insurance Corporation of India for Pension Plan for Senior Citizens               | Subsidising Pension Plan for Senior Citizens  | 300.00     | 300.00      | Under the Scheme pensioners get an effective yield of 9% p.a.   | 09.7.2004    | No risk involved. 3.5 lakh pensioners who joined the scheme are being covered.  |

| 1  | 2  | 3   | 4          | 5           | 6   | 7  | 8  |
|----|--|---|------------|-------------|---|--|--|
|    |  |   | 4(i)<br>BE | 4(ii)<br>RE |   |  |  |
| 15 | Major Head 2235 - - Payment to Public Sector General Insurance Companies for Community Based Universal Health Insurance Scheme (UHS) | Four public sector Insurance Companies have been implementing UHS for improving the access of health care to BPL families   | 20.00      | 20.00       | To cover 6.66 lakh families -   | It is a welfare scheme for the poor. No risk factor involved.  | ₹4.00 crore released. 37,226 policies covering 1,70,052 families were issued upto October, 2011.         |
| 16 | Major Head 2235 - - Payment to Public Sector General Insurance Companies for Community Based Universal Health Insurance Scheme (UHS) | To extend the coverage, under New Pension System (NPS), to 20 lakh subscribers  | 220.00     | 110.00      | The scheme is aimed at encouraging the people from unorganized sector to voluntarily save for their retirement by enrolling themselves under the NPS. | Informal labour market conditions, low intermittent income and low financial knowledge have been enrolled upto 2010-11. 90,256 additional subscribers have been enrolled during 2011-12. | ₹53.50 crore released during 2010-11. A total of 3,01,920 subscribers have been enrolled during 2011-12. |
| 17 | Major Head 2885 - - Payment of Subsidy to Nodal Agencies i.e., Reserve Bank of India and National Housing Bank                       | The provision is for providing 1% interest subvention on housing loans upto ₹15.00 lakh and through nodal agencies i.e. Reserve Bank of India and National Housing Bank | 500.00     | 300.00      | The interest subsidy will be routed through the scheduled commercial banks and the housing finance companies registered with National Housing Bank.   | No risk factor involved.   | ₹99.61 crore was released.   |

## Summarised Position of Schemes under Demand No. 33 – Department of Financial Services

| S.No. | Schemes/Programmes   | 2010-11  |          | 2011-12  |         | 2012-13 |         |
|-------|--|----------|----------|----------|---------|---------|---------|
|       |  | BE       | RE       | BE       | RE      | BE      | RE      |
|       | <b>NON PLAN</b>  |          |          |          |         |         |         |
| 1     | Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 - Transfer to Farmers' Debt Relief Fund (MH - 2235)             | 12000.00 | 16000.00 | 16000.00 | 2000.00 | 0.01    | 0.01    |
| 2     | Debt Relief/Waiver of loans through lending institutions against ADWDRS, 2008 (MH-2235)  | 12000.00 | 11340.47 | 6000.00  | 1500.00 | 1079.41 | 0.01    |
| 3     | Payment of interest to lending institutions towards ADWDRS, 2008 (MH- 2235)  | 1434.00  | 1434.00  | 287.00   | 287.00  | 178.46  | 0.01    |
| 4     | Subsidy to Public Sector General Insurance Companies for Community based Universal Health Insurance Scheme (MH-2235)           | 20.00    | 25.00    | 22.00    | 20.00   | 4.00    | 0.01    |
| 5     | Interest subsidy to LIC for Pension Plan for senior citizens (MH - 2235)   | 209.32   | 175.70   | 175.70   | 199.61  | 190.38  | 182.25  |
| 6.    | <b>Swavalamban Scheme to encourage people from unorganized sector to join New Pension System (NPS)</b>                         |          |          |          |         |         |         |
| 6.1   | Government's co-contribution to subscribers of the New Pension System (NPS) under Swavalamban Scheme (MH-2235)                 | ...      | 100.00   | 50.00    | 200.00  | 100.00  | 200.00  |
| 6.2   | Funding support for promotional and developmental activities for enrolment and contribution under Swavalamban Scheme (MH-2235) | ...      | 10.00    | 3.50     | 20.00   | 10.00   | 20.00   |
| 7     | Governments contribution to augment the Social Security Fund maintained by LIC for Janshree Bima Yojana (MH- 2235)             | ...      | ...      | ...      | ...     | 100.00  | 175.00  |
| 8     | Grants through NABARD for strengthening Short Term Co-operative Credit Structure (STCCS) (MH-2416)                             | 984.65   | 1014.65  | 1014.65  | 0.01    | 0.01    | 0.01    |
| 9     | Interest Subvention for providing short term credit to farmers (MH-2416)   | 3000.00  | 4000.00  | 3531.19  | 4868.00 | 1422.96 | 6000.00 |
| 10    | Revival of Long Term Cooperative Credit Structure (LTCCS) (MH-2416)  | 1000.00  | 500.00   | ...      | 1000.00 | 0.01    | 500.00  |

| S.No. | Schemes/Programmes  | 2010-11          |                 |                 | 2011-12         |                |                | 2012-13        |        |
|-------|---|------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|--------|
|       |   | BE               | RE              | Actual          | BE              | RE             | Actuals        | BE             |        |
|       |   | (Upto Dec. 2011) |                 |                 |                 |                |                |                |        |
| 11    | Contribution to Financial Inclusion Fund (FIF) (MH-2416)  | 10.00            | 10.00           | 10.00           | 10.00           | 10.00          | 10.00          | 10.00          | 20.00  |
| 12    | Contribution to Financial Inclusion Technology Fund (FITF) (MH-2416)  | 10.00            | 10.00           | 10.00           | 10.00           | 10.00          | 10.00          | 10.00          | 30.00  |
| 13    | Payment of Subsidy to Nodal Agencies i.e., Reserve Bank of India and National Housing Bank as 1% subsidy for Housing Loan (MH-2885) | 700.00           | 100.00          | 38.54           | 500.00          | 300.00         | 99.61          | 300.00         | 400.00 |
| 14    | Redemption of securities issued to Stressed Assets Stabilization Fund (SASF) (MH-2285)  | ...              | 300.00          | 300.00          | ...             | 300.00         | ...            | ...            | ...    |
| 15    | Industrial Development Bank of India Ltd. (IDBI) (MH- 2885)   | 154.33           | 154.33          | 154.33          | ...             | ...            | ...            | ...            | ...    |
| 16    | Equity support to India Infrastructure Finance Co. Ltd. (IIFCL) (MH-4885)   | 500.00           | 500.00          | 200.00          | ...             | ...            | ...            | ...            | ...    |
| 17    | Interest Subsidy to Goan Banks (MH-2885)  | 0.08             | 0.08            | 0.08            | 0.08            | 0.04           | 0.04           | 0.04           | ...    |
| 18    | Contribution to Securities Redemption Fund towards subscription in the Rights Issue of equity shares of SBI (MH- 3465)              | 625.00           | 625.00          | 625.00          | 625.00          | 625.00         | ...            | 625.00         | 625.00 |
| 19    | Contribution towards Recapitalisation of Regional Rural Banks (RRBs) (MH-4416)  | ...              | 350.00          | 66.49           | ...             | ...            | ...            | ...            | ...    |
| 20    | Subscription to share capital of Export Import Bank of India (MH - 4885)  | 300.00           | 300.00          | 300.00          | ...             | ...            | ...            | ...            | ...    |
| 21    | Recapitalisation of Public Sector Banks (MH- 5465)  | 16500.00         | 14157.00        | 14117.23        | ...             | ...            | ...            | ...            | ...    |
| 22    | Government's contribution towards capital for setting up of Central Electronic Registry under SARAFESI Act, 2002 (MH- 5465)         | 25.00            | 25.00           | 25.00           | ...             | ...            | ...            | ...            | ...    |
| 23    | World Bank Assistance to Small Industries Development Bank of India (SIDBI) (MH- 5465 and MH- 6885)                                 | ...              | 420.12          | 411.90          | 14.00           | 14.00          | ...            | 14.00          | 14.00  |
|       | <b>TOTAL NON-PLAN</b>   | <b>49472.38</b>  | <b>52210.88</b> | <b>49830.08</b> | <b>15753.70</b> | <b>7466.45</b> | <b>2804.48</b> | <b>8166.30</b> |        |

| S.No. | Schemes/Programmes   | 2010-11         |                 | 2011-12         |                 | 2012-13         |                |                 |
|-------|--|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
|       |  | BE              | RE              | Actual          | BE              | RE              | Actuals        | BE              |
|       | <b>PLAN</b>  |                 |                 |                 |                 |                 |                |                 |
| 24    | Acquisition cost of RBI's stake in NHB (MH - 5465)   | ...             | 450.00          | ...             | ...             | ...             | ...            | ...             |
| 25    | Acquisition cost of RBI's stake in NABARD (MH - 5465)  | ...             | 1430.00         | 1430.00         | ...             | ...             | ...            | ...             |
| 26    | Recapitalisation of Public Sector Banks (MH- 5465)   | ...             | 6000.00         | 6000.00         | 6000.00         | 12000.00        | ...            | 14588.00        |
| 27    | Financial Support for opening bank branches in unbanked blocks (MH- 3465)  | 50.00           | 50.00           | ...             | ...             | ...             | ...            | ...             |
| 28    | Financial Support to the bank for opening 'No Frills' accounts under Swahimian Scheme as part of Financial Inclusion Plan (FIP) (MH - 3465)                | ...             | ...             | ...             | 50.00           | ...             | ...            | ...             |
| 29    | Financial support to Small Industries Development Bank of India (SIDBI) for creating an India Microfinance Equity Fund (MH-3465)                           | ...             | ...             | ...             | ...             | 100.00          | ...            | ...             |
| 30    | Grants-in-aid to National Bank for Agriculture and Rural Development (NABARD) for creation of Women's Self Help Groups (SHGs) Development Fund (MH - 2416) | ...             | ...             | ...             | ...             | 100.00          | ...            | 200.00          |
| 31    | Subscription to share capital of Export Import Bank of India (MH - 4885)   | ...             | ...             | ...             | 300.00          | 300.00          | —              | 200.00          |
| 32    | Equity support to India Infrastructure Finance Co. Ltd. (IIFCL) (MH-4885)  | ...             | ...             | ...             | 1000.00         | 500.00          | ...            | 400.00          |
| 33    | Subscription to share capital of NABARD (MH- 4416)   | ...             | ...             | ...             | ...             | 1000.00         | ...            | 500.00          |
| 34    | Contribution towards Recapitalisation of Regional Rural Banks (RRBs) (MH-4416)   | ...             | ...             | ...             | 500.00          | 200.00          | 110.83         | 200.00          |
|       | <b>TOTAL PLAN</b>  | <b>50.00</b>    | <b>7930.00</b>  | <b>7430.00</b>  | <b>7850.00</b>  | <b>14200.00</b> | <b>110.83</b>  | <b>16088.00</b> |
|       | <b>GRAND TOTAL (PLAN &amp; NON PLAN)</b>   | <b>49522.38</b> | <b>60140.88</b> | <b>57260.08</b> | <b>23603.70</b> | <b>21666.45</b> | <b>2915.31</b> | <b>24254.30</b> |

## Statement on Net Profits earned and Dividends paid by Public Sector Enterprises under Department of Financial Services

| S.No. | Name of the Bank                       | Total paid up capital as on 31.03.2011 | Govt. share in paid up capital as on 31.03.2011 | Profit After Tax 2010-11 | Dividend paid for 2010-11 | BE for payment of Dividend 2011-12 | RE for payment of Dividend 2011-12 | BE for payment of Dividend 2012-13 |
|-------|--|--|---|--------------------------|---------------------------|------------------------------------|------------------------------------|------------------------------------|
| 1.    | Allahabad Bank                         | 476.22                                 | 276.21  | 1,423.00                 | 165.73                    | 115.00                             | 165.73                             | 175.00                             |
| 2.    | Andhra Bank                            | 559.58                                 | 324.56  | 1,267.00                 | 178.52                    | 210.00                             | 178.52                             | 190.00                             |
| 3.    | Bank of Baroda                         | 392.81                                 | 224.02  | 4,242.00                 | 368.41                    | 250.00                             | 368.41                             | 400.00                             |
| 4.    | Bank of India                          | 547.22                                 | 360.40  | 2,489.00                 | 251.92                    | 205.00                             | 251.92                             | 270.00                             |
| 5.    | Bank of Maharashtra                    | 481.71                                 | 381.71  | 330.00                   | 76.34                     | 50.00                              | 76.34                              | 85.00                              |
| 6.    | Canara Bank                            | 443.00                                 | 300.00  | 4,026.00                 | 330.00                    | 250.00                             | 330.00                             | 350.00                             |
| 7.    | Central Bank on India                  | 404.14                                 | 324.14  | 1,252.00                 | 110.20                    | 60.00                              | 110.20                             | 120.00                             |
| 8.    | Corporation Bank                       | 148.13                                 | 86.69   | 1,413.00                 | 173.39                    | 120.00                             | 173.39                             | 190.00                             |
| 9.    | Dena Bank                              | 333.39                                 | 193.40  | 612.00                   | 42.54                     | 25.00                              | 42.54                              | 50.00                              |
| 10.   | Indian Bank                            | 429.77                                 | 343.81  | 1,714.00                 | 257.86                    | 200.00                             | 257.86                             | 275.00                             |
| 11.   | Indian Overseas Bank                   | 618.75                                 | 407.57  | 980.00                   | 203.77                    | 100.00                             | 203.77                             | 220.00                             |
| 12.   | Oriental Bank of Commerce              | 291.00                                 | 168.78  | 1,503.00                 | 175.99                    | 100.00                             | 175.99                             | 190.00                             |
| 13.   | Punjab National Bank                   | 316.81                                 | 183.75  | 4,434.00                 | 404.25                    | 0.00                               | 404.25                             | 440.00                             |
| 14.   | Punjab & Sind Bank                     | 223.06                                 | 183.07  | 526.00                   | 51.34                     | 350.00                             | 51.34                              | 60.00                              |
| 15.   | Syndicate Bank                         | 573.29                                 | 398.26  | 1,048.00                 | 147.37                    | 80.00                              | 147.37                             | 160.00                             |
| 16.   | UCO Bank                               | 627.52                                 | 427.53  | 907.00                   | 128.26                    | 40.00                              | 128.26                             | 140.00                             |
| 17.   | Union Bank of India                    | 524.33                                 | 299.21  | 2,082.00                 | 239.37                    | 130.00                             | 239.37                             | 150.00                             |
| 18.   | United Bank of India                   | 344.00                                 | 292.40  | 524.00                   | 64.77                     | 35.00                              | 64.77                              | 70.00                              |
| 19.   | Vijaya Bank                            | 472.67                                 | 272.68  | 523.00                   | 68.17                     | 50.00                              | 68.17                              | 75.00                              |
| 20.   | State Bank of India                    | 635.00                                 | 377.21  | 8,265.00                 | 1,131.62                  | 1,000.00                           | 1,131.62                           | 1,150.00                           |
| 21.   | IDBI Bank Ltd.                         | 985.00                                 | 641.53  | 1,650.00                 | 224.45                    | 100.00                             | 224.45                             | 250.00                             |
| 22.   | Life Insurance Corporation of India    | 5.00                                   | 5.00  | 22,752.34                | 1,137.62                  | 1,147.94                           | 1,192.09                           | 1,273.62                           |
| 23.   | General Insurance Corporation of India | 430.00                                 | 430.00  | 1,033.47                 | 206.40                    | 190.00                             | 200.00                             | 210.00                             |
| 24.   | National Insurance Co. Ltd.            | 100.00                                 | 100.00  | 74.65                    | 0.00                      | 20.00                              | 20.00                              | 20.00                              |
| 25.   | New India Assurance Co. Ltd.           | 200.00                                 | 200.00  | -421.56                  | 0.00                      | 130.00                             | 130.00                             | 90.00                              |
| 26.   | United India Insurance Co. Ltd.        | 150.00                                 | 150.00  | 130.54                   | 30.00                     | 144.00                             | 82.00                              | 100.00                             |
| 27.   | Oriental Insurance Co. Ltd.            | 100.00                                 | 100.00  | 54.62                    | 0.00                      | 30.00                              | 0.00                               | 30.00                              |
|       | <b>Total</b>                           | <b>10,812.40</b>                       | <b>7451.93</b>                                  | <b>64834.06</b>          | <b>6,168.29</b>           | <b>5,131.94</b>                    | <b>6,418.36</b>                    | <b>6,733.62</b>                    |

## Statement showing actual expenditure vis-a-vis BE/RE provisions for the years 2009-10, 2010-11 and 2011-12

| S.No. | Description of Items/Schemes   | Major Head | 2009-10      |              | 2010-11      |              | 2011-12      |              |              |              |
|-------|--|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|       |  |            | BE           | RE           | BE           | RE           | BE           | RE           |              |              |
|       | <b>Part A- Non Plan Items</b>  |            |              |              |              |              |              |              |              |              |
|       | <b>Secretariat - General Services</b>  | 2052       | 13.28        | 13.61        | 12.89        | 12.40        | 14.17        | 15.02        | 14.08        | 11.25        |
|       | <b>Other Fiscal Services</b>   | 2047       | 10.42        | 8.56         | 7.52         | 8.44         | 7.64         | 7.78         | 7.78         | 5.34         |
|       | Other Expenditure (Special Court & Office of Custodian)  |            |              |              |              |              |              |              |              |              |
|       | <b>Other Administrative Services</b>   | 2070       | 3.21         | 2.23         | 2.18         | 2.20         | 2.45         | 2.57         | 2.38         | 1.79         |
|       | Appellate Authority for Industrial and Financial Reconstruction (AAIFR)  |            |              |              |              |              |              |              |              |              |
|       | Board for Industrial and Financial Reconstruction (BIFR)   | 2070       | 10.25        | 9.47         | 8.16         | 8.43         | 13.04        | 12.19        | 10.98        | 7.09         |
|       | Debt Recovery Tribunals (DRTs)   | 2070       | 50.18        | 42.89        | 40.52        | 38.78        | 41.05        | 48.06        | 43.67        | 35.08        |
|       | Pension Fund Regulatory and Development Authority (PFRDA)  | 2070       | 16.00        | 16.00        | 11.70        | 16.00        | 16.00        | 16.00        | 16.00        | 8.32         |
|       | <b>Total - Other Administrative Services</b>   |            | <b>79.64</b> | <b>70.59</b> | <b>62.56</b> | <b>65.41</b> | <b>72.54</b> | <b>78.82</b> | <b>73.03</b> | <b>52.28</b> |
|       | <b>Other General Economic Services</b>   | 3475       | 1.10         | 0.57         | 0.56         | 0.47         | 1.54         | 0.62         | 0.62         | 0.39         |
|       | Other Expenditure (Office of Court Liquidator, Kolkata)  |            |              |              |              |              |              |              |              |              |
|       | <b>Total - Other General Economic Services</b>   |            | <b>1.10</b>  | <b>0.57</b>  | <b>0.56</b>  | <b>0.47</b>  | <b>1.54</b>  | <b>0.62</b>  | <b>0.62</b>  | <b>0.39</b>  |
|       | <b>Capital Outlay on Public Works</b>  | 4059       | 0.01         | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
|       | Debt Recovery Tribunal (DRT)   |            |              |              |              |              |              |              |              |              |
|       | Construction of Building for DRT, Chandigarh   |            |              |              |              |              |              |              |              |              |
|       | Purchase of land for construction of Building of DRT, Chandigarh   | 4059       | 0.01         | 0.01         | ...          | ...          | ...          | ...          | 0.01         | ...          |
|       | <b>Total - Capital Outlay on Public Works</b>  |            | <b>0.02</b>  | <b>0.01</b>  | <b>...</b>   | <b>...</b>   | <b>...</b>   | <b>...</b>   | <b>0.01</b>  | <b>...</b>   |
|       | <b>Industrial Financial Institutions</b>   | 2885       | 0.00         | 0.00         | 0.00         | 700.00       | 100.00       | 500.00       | 300.00       | 99.61        |
|       | Payment of Subsidy to Nodal Agencies i.e. Reserve Bank of India and National Housing Bank for 1% subsidy for Housing Loans | 2885       | 0.00         | 400.00       | 300.00       | 0.00         | 300.00       | ...          | 300.00       | ...          |
|       | Redemption of Securities issued to SASF  | 2885       | 0.00         | 0.00         | 0.00         | 154.33       | 154.33       | ...          | ...          | ...          |
|       | Grants to Industrial Development Bank of India   |            |              |              |              |              |              |              |              |              |
|       | Subscription to share capital of Export-Import Bank of India.  | 4885       | 300.00       | 300.00       | 300.00       | 300.00       | 300.00       | ...          | ...          | ...          |



| S.No. | Description of Items/Schemes   | Major Head | 2009-10        |                | 2010-11        |                | 2011-12        |                                |
|-------|--|------------|----------------|----------------|----------------|----------------|----------------|--------------------------------|
|       |  |            | BE             | RE             | BE             | RE             | BE             | RE Actual as on Dec.2011)      |
|       | Reimbursement of Expenditure to India Infrastructure Finance Co. Ltd. (IIFCL)  | 2885       | 1.61           | 1.61           | 0.00           | 0.00           | ....           | ....                           |
|       | Equity support to IIFCL  | 4885       | 500.00         | 500.00         | 500.00         | 500.00         | 200.00         | ....                           |
|       | Grants to ICICI Bank for External Aided Component  | 2885       | ....           | ....           | ....           | ....           | 82.33          | ....                           |
|       | <b>Total - Industrial Financial Institutions</b>   |            | <b>801.61</b>  | <b>1201.61</b> | <b>1101.60</b> | <b>1354.33</b> | <b>1075.20</b> | <b>600.00 99.61</b>            |
|       | <b>Agricultural Financial Institutions</b>   |            |                |                |                |                |                |                                |
|       | Grants through National Bank for Agriculture and Rural Development (NABARD) for strengthening the Short Term Cooperative Credit Structure (STCCS).       | 2416       | 0.00           | 800.00         | 800.00         | 984.65         | 1014.65        | 0.01                           |
|       | Interest Subvention for providing Short Term Credit to Farmers   | 2416       | 2011.00        | 2011.00        | 2011.00        | 3000.00        | 3531.19        | 4868.00                        |
|       | Revival of Long Term Cooperative Credit Structure (LTCCS).   | 2416       | 1000.00        | 1.00           | ....           | 1000.00        | ....           | 1000.00                        |
|       | Contribution to Financial Inclusion Fund (FIF)   | 2416       | ....           | 10.00          | 10.00          | 10.00          | 10.00          | 10.00                          |
|       | Contribution to Financial Inclusion Technology Fund (FITF).  | 2416       | ....           | 10.00          | 10.00          | 10.00          | 10.00          | 10.00                          |
|       | Government's contribution towards Recapitalisation of Regional Rural Banks (RRBs)  | 4416       | ....           | ....           | ....           | ....           | 66.49          | ....                           |
|       | <b>Total - Agricultural Financial Institutions</b>   |            | <b>3011.00</b> | <b>2832.00</b> | <b>2831.00</b> | <b>5004.65</b> | <b>4632.33</b> | <b>5888.01 4020.02 1442.96</b> |
|       | <b>General Financial and Trading Institutions</b>  |            |                |                |                |                |                |                                |
|       | Transfer to Securities Redemption Fund for redeeming Securities issued against subscription in the Rights issues of Equity Shares of State Bank of India | 3465       | ....           | ....           | 625.00         | 625.00         | 625.00         | 625.00                         |
|       | Recapitalization of Public Sector Banks  | 5465       | 625.00         | 625.00         | ....           | ....           | ....           | ....                           |
|       | Government's contribution towards capital for setting up of Central Electronic Registry under SARFAESI Act, 2002.  | 5465       | ....           | 2466.00        | 2466.00        | 16500.00       | 14117.23       | ....                           |

| S.No. | Description of Items/Schemes   | 2009-10         |                 | 2010-11         |                 | 2011-12         |                 |                |
|-------|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
|       |  | BE              | RE              | BE              | RE              | BE              | RE              |                |
|       | World Bank Assistance to Small Industries Development Bank of India (SIDBI) to improve access to Microfinance in India under World Bank assisted Microfinance Project. | 5465            | ....            | ....            | 420.12          | 411.90          | 14.00           | ....           |
|       |  | 6885            | ....            | ....            | ....            | ....            | 14.00           | ....           |
|       | Interest Subsidy to Goan Banks   | 2885            | 0.08            | 0.08            | 0.08            | 0.08            | 0.08            | 0.04           |
|       | <b>Total - General Financial and Trading Institutions</b>  | <b>625.08</b>   | <b>3091.08</b>  | <b>3091.08</b>  | <b>17150.08</b> | <b>15179.21</b> | <b>639.08</b>   | <b>0.04</b>    |
|       | <b>Social Security and Welfare</b>   |                 |                 |                 |                 |                 |                 |                |
|       | Debt Waiver and Debt Relief Scheme for Farmers   | 2235            | 15000.00        | 15000.00        | 12000.00        | 16000.00        | 2000.00         | 0.01           |
|       | Transfer to Farmers Debt Relief Fund   |                 |                 |                 |                 |                 |                 | ....           |
|       | Payment to lending institutions against Debt Waiver and Debt Relief to Farmers   | 2235            | 15000.00        | 15000.00        | 12000.00        | 11340.47        | 6000.00         | 1500.00        |
|       | Payment of interest to lending institutions  | 2235            | 2151.00         | 458.85          | 1434.00         | 1434.00         | 287.00          | 287.00         |
|       | <b>Total - Debt Waiver and Debt Relief Scheme for Farmers</b>  | <b>32151.00</b> | <b>32151.00</b> | <b>30458.85</b> | <b>25434.00</b> | <b>28774.47</b> | <b>8287.00</b>  | <b>1787.01</b> |
|       | Subsidy to public sector general insurance companies for Community based Universal Health Insurance Scheme (UHS)   | 2235            | 6.39            | 28.00           | 20.00           | 22.00           | 20.00           | 20.00          |
|       | Interest Subsidy to LIC for Pension Plan for Senior Citizens   | 2235            | 172.00          | 270.82          | 209.32          | 175.70          | 199.61          | 190.38         |
|       | Swavalamban Scheme to encourage people from unorganised sector to join New Pension System (NPS)  | 2235            | ....            | ....            | ....            | ....            | ....            | ....           |
|       | Government's co-contribution to subscribers of the New Pension System (NPS) under Swavalamban Scheme   |                 | ....            | ....            | ....            | 50.00           | 200.00          | 100.00         |
|       | Funding support for promotional and developmental activities for enrolment and contribution under Swavalamban Scheme.  | ....            | ....            | ....            | ....            | 3.50            | 20.00           | 10.00          |
|       | Government's contribution to augment the Social Security Fund maintained by LIC for Janshree Bima Yojana (JBY)   | 2235            | ....            | ....            | ....            | ....            | ....            | 100.00         |
|       | <b>Total - Social Security and Welfare</b>   | <b>32329.39</b> | <b>32449.82</b> | <b>30757.61</b> | <b>25663.32</b> | <b>29025.67</b> | <b>8726.61</b>  | <b>2207.39</b> |
|       | <b>TOTAL NON - PLAN</b>  | <b>36871.54</b> | <b>39667.85</b> | <b>37864.82</b> | <b>49559.10</b> | <b>49995.37</b> | <b>15855.94</b> | <b>7561.97</b> |

| S.No.                      | Description of Items/Schemes  | Major Head | 2009-10  |          | 2010-11                |          | 2011-12  |          |
|----------------------------|---|------------|----------|----------|------------------------|----------|----------|----------|
|                            |   |            | BE       | RE       | BE                     | RE       | BE       | RE       |
|                            |   |            | Actual   | Actuals  | Actual as on Dec.2011) |          |          |          |
| <b>Part B - Plan Items</b> |   |            |          |          |                        |          |          |          |
|                            | Subscription to share capital of Export-Import Bank of India  | 4885       | ...      | ...      | 300.00                 | ...      | 300.00   | ...      |
|                            | India Infrastructure Finance Company Limited (IIFCL) Grants-in-aid to National Bank for Agriculture and Rural Development (NABARD) for creation of Women's Self Help Groups (SHGs) Development Fund | 2416       | ...      | ...      | ...                    | ...      | 100.00   | ...      |
|                            | Subscription to share capital of National Bank for Agriculture and Rural Development (NABARD).  | 4416       | ...      | ...      | ...                    | ...      | 1000.00  | ...      |
|                            | Government's contribution towards Recapitalisation of Regional Rural Banks (RRBs)   | 4416       | ...      | ...      | ...                    | 500.00   | 200.00   | 110.83   |
|                            | Acquisition cost of RBI's stake in NABARD   | 5465       | 1100.00  | 1450.00  | 1430.00                | ...      | ...      | ...      |
|                            | Acquisition cost of RBI's stake in NHB  | 5465       | 442.00   | ...      | 450.00                 | ...      | ...      | ...      |
|                            | Recapitalization of Public Sector Banks   | 5465       | ...      | ...      | 6000.00                | 6000.00  | 12000.00 | ...      |
|                            | Financial support to the banks for opening 'No Frills' accounts under Swabhiman Scheme as part of Financial Inclusion Plan  | 3465       | ...      | ...      | ...                    | 50.00    | ...      | ...      |
|                            | Financial Support for opening bank branches in unbanked blocks  | 3465       | ...      | ...      | 50.00                  | 50.00    | ...      | ...      |
|                            | Financial Support to Small Industries Development Bank of India (SIDBI) for creating an India Microfinance Equity Fund  | 3465       | ...      | ...      | ...                    | ...      | 100.00   | ...      |
|                            | <b>TOTAL PLAN</b>   |            | 1542.00  | 1450.00  | 0.00                   | 7930.00  | 7430.00  | 14200.00 |
|                            | <b>GRAND TOTAL (NON-PLAN &amp; PLAN)</b>  |            | 38413.54 | 41117.85 | 37864.82               | 49609.10 | 57425.37 | 21761.97 |
|                            | <b>Percentage w.r.t. RE</b>   |            |          | 92.09%   |                        | 97.82%   |          | 13.71%   |

## Object head-wise actual Expenditure vis-a-vis BE/RE provisions for the years 2009-10, 2010-11 and 2011-12

| S.No.                  | Description                  | 2009-10         |                 | 2010-11         |                 | BE 2011-12      |                 | Actuals as on Dec. 11 |                 |                |
|------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|----------------|
|                        |                              | BE              | RE              | BE              | RE              | BE              | RE              |                       |                 |                |
| <b>Revenue Section</b> |                              |                 |                 |                 |                 |                 |                 |                       |                 |                |
| 1                      | Salaries                     | 54.60           | 50.49           | 49.17           | 43.12           | 48.14           | 47.08           | 51.51                 | 46.06           | 39.68          |
| 2                      | Wages                        | 0.29            | 0.23            | 0.17            | 0.26            | 0.26            | 0.18            | 0.26                  | 0.31            | 0.14           |
| 3                      | OTA                          | 0.25            | 0.15            | 0.11            | 0.18            | 0.16            | 0.11            | 0.16                  | 0.11            | 0.05           |
| 4                      | Medical Treatment            | 1.07            | 0.72            | 0.48            | 0.84            | 1.01            | 0.78            | 1.00                  | 0.99            | 0.40           |
| 5                      | Domestic Travel Expenses     | 1.43            | 1.21            | 0.96            | 1.40            | 1.31            | 1.16            | 1.37                  | 1.22            | 0.87           |
| 6                      | Foreign Travel Expenses      | 0.40            | 0.36            | 0.14            | 0.40            | 0.40            | 0.27            | 0.45                  | 0.50            | 0.32           |
| 7                      | Office Expenses              | 8.00            | 7.52            | 7.17            | 8.31            | 8.45            | 7.62            | 9.04                  | 7.97            | 5.69           |
| 8                      | Rent, Rates & Taxes          | 15.69           | 11.23           | 9.77            | 10.59           | 14.44           | 13.98           | 17.45                 | 16.35           | 11.31          |
| 9                      | Publications                 | 0.33            | 0.25            | 0.20            | 0.30            | 0.30            | 0.17            | 0.30                  | 0.30            | 0.16           |
| 10                     | Other Administrative Exp.    | 0.25            | 0.23            | 0.20            | 0.25            | 0.25            | 0.19            | 0.25                  | 0.25            | 0.18           |
| 11                     | Advt. & Publicity            | 0.18            | 0.33            | 0.34            | 0.23            | 0.35            | 0.30            | 0.26                  | 0.46            | 0.05           |
| 12                     | Minor Works                  | 0.28            | 0.25            | 0.19            | 0.27            | 0.26            | 0.25            | 0.26                  | 0.36            | 0.08           |
| 13                     | Professional Services        | 2.45            | 2.19            | 1.16            | 2.44            | 1.23            | 1.07            | 1.32                  | 1.12            | 0.74           |
| 14                     | Grants-in-Aid                | 16.00           | 816.00          | 811.70          | 1204.98         | 1244.98         | 1262.80         | 86.01                 | 226.01          | 8.32           |
| 15                     | Contribution                 | 0.00            | 20.00           | 645.00          | 645.00          | 745.00          | 695.00          | 845.00                | 220.00          | 20.00          |
| 16                     | Subsidy                      | 3189.47         | 2310.90         | 2309.84         | 4929.40         | 4800.78         | 3767.51         | 6587.69               | 4510.43         | 1526.60        |
| 17                     | Lumpsum                      | 1.10            | 0.57            | 0.56            | 0.47            | 1.54            | 0.47            | 0.62                  | 0.62            | 0.39           |
| 18                     | Exchange Variation           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00                  | 0.00            | 0.00           |
| 19                     | Interest                     | 2151.00         | 2151.00         | 458.85          | 1434.00         | 1434.00         | 1434.00         | 287.00                | 287.00          | 178.46         |
| 20                     | Other charges                | 15003.73        | 15403.23        | 15302.79        | 12001.67        | 12301.80        | 11641.80        | 6001.99               | 1802.89         | 1080.30        |
| 21                     | Inter Account Transfer       | 15000.00        | 15000.00        | 15000.00        | 12000.00        | 16000.00        | 16000.00        | 2000.00               | 625.01          | 0.00           |
|                        | <b>Total Revenue Section</b> | <b>35446.52</b> | <b>35776.84</b> | <b>34598.82</b> | <b>32284.10</b> | <b>36604.65</b> | <b>34874.74</b> | <b>15891.94</b>       | <b>7547.96</b>  | <b>2873.74</b> |
| <b>Capital Section</b> |                              |                 |                 |                 |                 |                 |                 |                       |                 |                |
| 22                     | Investments                  | 2967.02         | 5341.00         | 3266.00         | 17325.00        | 23632.12        | 22550.63        | 7814.00               | 14000.01        | 110.83         |
| 23                     | Loans                        | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00                  | 14.00           | 0.00           |
|                        | <b>Total Capital Section</b> | <b>2967.02</b>  | <b>5341.00</b>  | <b>3266.00</b>  | <b>17325.00</b> | <b>23632.12</b> | <b>22550.63</b> | <b>7814.00</b>        | <b>14014.01</b> | <b>110.83</b>  |
|                        | <b>Grand Total (Gross)</b>   | <b>38413.54</b> | <b>41117.84</b> | <b>37864.82</b> | <b>49609.10</b> | <b>60236.77</b> | <b>57425.37</b> | <b>23705.94</b>       | <b>21761.97</b> | <b>2984.57</b> |

### ANALYSIS OF BUDGET PROVISIONS AND ACTUAL EXPENDITURE DURING 2009-10, 2010-11 AND 2011-12

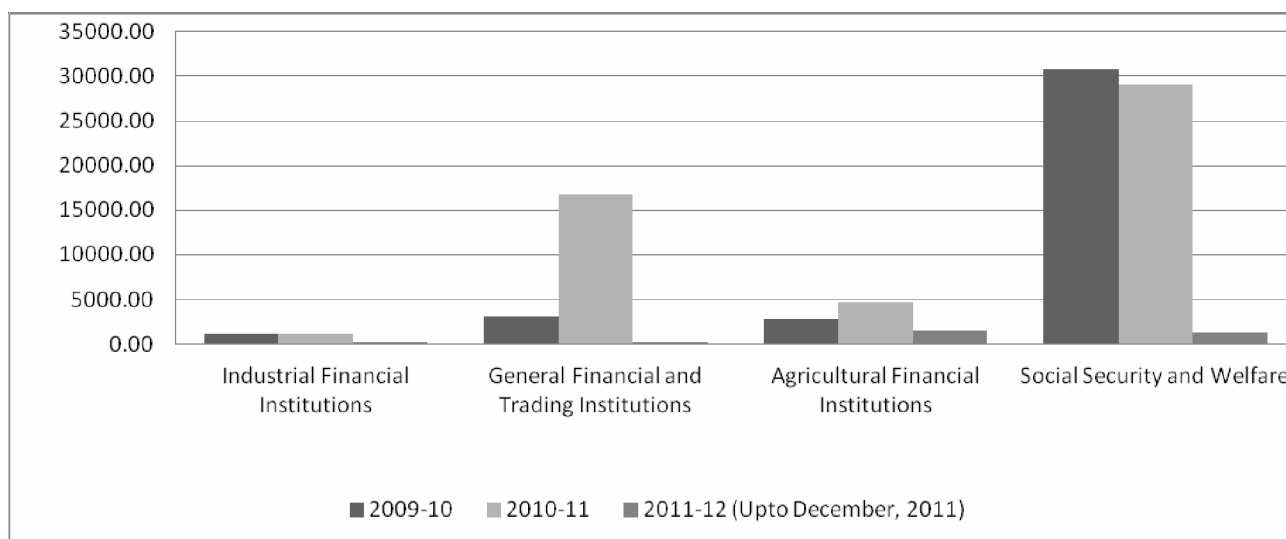
During 2009-10, the provision was ₹38,413.54 crore in BE (₹35,446.52 crore under Revenue and ₹2,967.02 crore under Capital Section). This was increased to ₹41,117.84 crore in RE (Revenue Section was increased to ₹35,776.84 crore and Capital Section to ₹5,341.00 crore). Actual expenditure was ₹37,864.82 crore (₹34,598.82 crore under Revenue and ₹3,266.00 crore under Capital Section) which was 92.09 % of the budgetary provision. More than 99 % expenditure was towards different programmes relating to Industrial Financial Institutions, Agricultural Financial Institutions, General Financial & Trading Institutions and Social Security and Welfare and less than 1% towards Secretariat and Other Administrative Services.

During 2010-11, the provision was ₹49,609.10 crore in BE (₹32,284.10 crore under Revenue and ₹17,325.00 crore under Capital Section). This was increased to ₹60,236.77 crore in RE (Revenue Section was increased to ₹36,604.65 crore and Capital Section to ₹23,632.12 crore). Actual expenditure was ₹57,425.37 crore (₹34,874.74 crore under Revenue and ₹22,550.63 crore under Capital Section). During 2010-11 also, about 99.80% funds have been spent for different programmes relating to Industrial Financial Institutions, Agricultural Financial Institutions, General Financial & Trading Institutions and Social Security and Welfare.

Expenditure towards Secretariat and Other Administrative Services was less than 0.20% of the total expenditure of the Department.

During 2011-12, the provision was ₹23,705.05 crore in BE (₹15,891.94 crore under Revenue Section and ₹7,814.00 crore under Capital Section). Provision under Revenue Section was reduced to ₹9,247.96 crore whereas the provision under Capital Section was increased to ₹14,014.01 crore in RE 2011-12. In 2011-12 also, more than 99% of the funds were allocated towards different subsidy programmes and capitalisation initiatives in respect of Industrial Financial Institutions, Agricultural Financial Institutions, General Financial & Trading Institutions and Social Security and Welfare measures. Actual expenditure upto December, 2011 was, however, to the extent of ₹2,984.57 crore (₹2,873.74 crore under Revenue and ₹110.83 crore under Capital Section). As the proposals relating to capitalisation of Public Sector Banks and other institutions are likely to be taken up in the last quarter of 2011-12, expenditure position upto December, 2011 is proportionately on the lower side.

Overall trends of expenditure relating to various programmes during last three years (2009-10 to 2011-12) are depicted in the following Bar Chart:



## REVIEW OF PERFORMANCE OF STATUTORY AND AUTONOMOUS BODIES

### Public Sector Banks (PSBs)

Public Sector Banks (PSBs) play a major role in the financial sector. As part of their mandate, PSBs have extended credit to diverse sectors and priority areas including the agriculture sector, Medium, Small and Micro Enterprises (MSME) Sector, Weaker Sections, Self-Help Groups and Government sponsored programmers etc.

Majority of PSBs have achieved their respective credit targets as on 31<sup>st</sup> March, 2011. Despite healthy performances on almost all fronts, the PSBs face innumerable challenges during 2011-12, which are turning out to be more significant than the preceding years. Credit portfolio of PSBs grew more robustly than the Deposit portfolio, thanks to increased requirements of an expanding economy which demands higher levels of investment. Besides, the requirements of employment intensive sectors such as Agriculture and Micro and Small Enterprises also had to be met. PSBs are required to maintain capital at a certain level as regulated entities and being listed entities, they are also required to maintain public confidence in them. Therefore, Government has decided to infuse capital in PSBs so that the credit requirements of the productive sectors of the economy are adequately met.

### National Bank of Agriculture and Rural Development (NABARD)

NABARD promotes integrated rural development by providing credit for agriculture, small and cottage and village industries and allied activities in rural areas, refinances loans granted for agricultural development by State Cooperative Banks (SCBs), State Cooperative Agriculture and Rural Development Banks (SCARDBs), Scheduled Commercial Banks (SCBs) and Regional Rural Banks (RRBs) and provides direct financial assistance to certain types of institutions as approved by the Government of India.

Short term credit is refinanced by NABARD to Cooperative Banks and Regional Rural Banks to finance seasonal agricultural operations, marketing of crops, marketing and distribution of agricultural inputs, production, procurement, marketing activities of cottage, village and small scale industrial cooperative societies, individual weavers, master weavers, handloom weavers groups, primary and apex weaver societies and State Handloom and Handicrafts Development Corporations. Short-Term refinance is also extended to Commercial Banks for meeting the working capital requirement of State Handloom Development Corporations. The refinance during the last three years was as under:

| Agency            | (₹ Crore)       |                 |                 |                 |                    |                 |
|-------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
|                   | 2009-10         |                 | 2010-11         |                 | 2011-12            |                 |
|                   | Sanct.          | Max O/S         | Sanct.          | Max O/S         | (as on 06.01.2012) |                 |
|                   | Sanct.          | Max O/S         | Sanct.          | Max O/S         | Sanct.             | Max O/S         |
| Cooperative Banks | 18286.59        | 17617.44        | 23975.09        | 23894.86        | 31005.49           | 23857.98        |
| RRBs              | 7374.13         | 7098.03         | 10399.69        | 10301.03        | 12936.80           | 9321.50         |
| <b>Total</b>      | <b>25660.72</b> | <b>24715.47</b> | <b>34374.78</b> | <b>34195.89</b> | <b>43942.29</b>    | <b>33179.48</b> |

Medium Term Conversion loan is also provided to Cooperative Banks and Regional Rural Banks to support farmers

who are unable to repay production credit dues to the banks due to natural calamities. Refinance is provided to all Rural Financial Institutions including Commercial Banks for investment purposes in farm and off farm activities leading to increased production and incremental income to farmers and entrepreneurs. The investments financed included minor irrigation, land development, farm mechanization, plantation and horticulture, storage and market yards, allied agricultural activities such as dairy, poultry, sheep / goat / piggery, fishery, rural housing, non farm sector activities, etc. These investments lead to private capital formation in rural areas. The Bank has provided refinance for such purposes during the last three years [including Self Help Groups (SHGs) financing] as follows:

| Agency           | Disbursement during 2009-10 | Disbursement during 2010-11 | Target for 2011-12 | (₹ Crore)                                     |
|------------------|-----------------------------|-----------------------------|--------------------|---|
|                  |                             |                             |                    | Disbursement during 2011-12 (till 06.01.2012) |
| SCARDBs          | 2221.30                     | 2351.85                     | 2200.00            | 1854.20                                       |
| SCBs             | 1251.95                     | 1356.62                     | 1525.00            | 700.23  |
| Commercial Banks | 6057.19                     | 7348.49                     | 7562.00            | 2779.16                                       |
| RRBs             | 2457.46                     | 2287.84                     | 2733.00            | 2075.82                                       |
| PUBs / ADFCs     | 21.18                       | 141.07                      | 260.00             | 157.32  |
| Others           | -                           | -                           | 220.00             | 0.66  |
| <b>Total</b>     | <b>12009.08</b>             | <b>13485.87</b>             | <b>14500.00</b>    | <b>7567.39</b>                                |

During 2009-10, as against farm credit target of ₹3,25,000 crore, Commercial Banks, Cooperative Banks and Regional Rural Banks had financed 482.30 lakh farmers with a credit of ₹3,84,514 crore. During 2010-11, as against farm credit target of ₹3,75,000 crore, they had disbursed credit to the tune of ₹4,59,341 crore covering 549.60 lakh farmers. During 2010-11, 57.30 lakh new farmers were brought into the fold of banking system.

### Pension Fund Regulatory and Development Authority (PFRDA)

Pension Fund Regulatory and Development Authority (PFRDA), set up as a regulatory body for the pension sector, is engaged in consolidating the initiatives taken so far regarding the full NPS architecture and expanding the reach of NPS distribution network. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including twenty eight institutional entities as Points of Presence (POPs) that will serve as pension account opening and collection centres, a Centralised Record Keeping Agency (CRA) and six Pension Fund Managers to manage the pension wealth of the investors. PFRDA adopted a transparent, non-discretionary, competitive bidding process for selection of NPS intermediaries, in line with best international practice, which ensured high quality service delivery for NPS subscribers at optimum cost.

2. The NPS architecture is transparent and web-enabled. It allows a subscriber to monitor his/her investments and returns. The subscriber has the choice of choosing his/her Fund Manager and investment options, apart from being able to switch his/her investment options/Pension Fund Managers over time. The facility for seamless portability is designed to enable subscribers to maintain a single pension account throughout the saving period.

3. Under the NPS for all citizens, a subscriber has the facility to open NPS account at any of the registered branches (14891

branches so far) of the 37 PoPs appointed by PFRDA. Initially, PoPs are offering NPS at limited number of branches. However, in due course, the number of such branches will grow and cover every part of the country. The offer document containing details of the NPS, application form for opening NPS account are available on the website of PFRDA ([www.pfrda.org.in](http://www.pfrda.org.in)) as well as the website of other NPS intermediaries.

#### **Insurance Regulatory and Development Authority (IRDA)**

The insurance sector was opened up to private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. The IRDA at present consists of the Chairman, 4 full-time members and 4 part-time members. The Authority is functioning from its Head Office at Hyderabad, Andhra Pradesh. The core functions of the Authority include (i) licensing of insurers and insurance intermediaries; (ii) financial and regulatory supervision; (iii) control and regulate premium rates; and (iv) protection of the interests of the policy- holders. With a view to facilitating development of the insurance sector, the Authority has issued regulations on protection of the interests of policy- holders; obligations towards the rural and social sectors; micro insurance and licensing of agents, corporate agents, brokers and third party administrators. This is in addition to the regulatory framework provided for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.

#### **India Infrastructure Finance Company Ltd (IIFCL)**

India Infrastructure Finance Company Ltd (IIFCL), a wholly owned Government of India company has been set up to provide long term finance to commercially viable infrastructure projects in sectors like Roads and Highways, Power, Airport, Port, Urban Infrastructure, etc. The Company was incorporated in January, 2006 and commenced its operations in April, 2006.

In October 2011, Government approved increase in its Authorized Capital to ₹5000 crore from ₹2000 crore. Further, Government has also approved bringing IIFCL under the regulatory ambit of Reserve Bank of India as a NBFC – IFC.

At the end of December 2011, the cumulative gross sanctions made by the company on a consolidated basis amounted to ₹56,058 crore to 245 infrastructure projects. The cumulative net sanctions made by the company on a consolidated basis amounted to ₹48,408 crore to 239 infrastructure projects. On a consolidated basis, cumulative disbursement of ₹19,396 crore has been made in 165 projects including refinance of ₹3500 crore to Power Finance Corporation & Rural Electrification Corporation and takeout finance of ₹110 crore. Commercial Operation Date (CoD) has been achieved in 41 projects (including two projects of IIFC (UK)).

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout Financing Scheme in April, 2010. Following the modifications in the Takeout Finance Scheme, IIFCL has sanctioned ₹2897 crore in 20 projects of which the company has disbursed ₹110 crore in 2 projects till 31st December 2011. IIFCL has also signed Memorandum of Understanding (MOU) with 5 public sector banks and IDFC & LIC and several insurance companies for take-out finance.

On 5th January, 2012, Hon'ble Finance Minister launched the sanction of the first pilot transaction in Credit Enhancement of IIFCL. This new product will help in development of infrastructure bond market through creation of new class of investors like insurance companies and pension funds. This would also free up banks' capital for financing new projects by addressing constraints faced of Asset-Liability mismatch and exposure norms.

Further, IIFCL has signed MoU with LIC of India and seven major Public Sector Banks namely State Bank of India, Punjab National Bank, Bank of Baroda, Bank of India, Canara Bank, Union Bank of India, and IDBI Banks, to create a financing mechanism for direct financing of infrastructure projects. An MoU was also signed between IIFCL & HUDCO to support initiatives for infrastructure financing in India through joint pooling of respective complimentary resources and expertise of both the organizations.

Since commencement of operations, IIFCL has raised ₹4100 crore by way of domestic bonds, ₹ 1000 crore as long term loan from LIC and ₹1,500 crore from the National Small Savings Fund and ₹91 crore through tax-empted infrastructure bonds. Asian Development Bank has sanctioned loan of USD 1200 million to the company of which USD 821 million has been availed till end December 2011. World Bank has sanctioned a line of credit of USD 1195 million of which IIFCL has availed USD 19.56 million. Out of loan of Euro 50 million from KfW, the company has availed Euro 28.25 million till January, 2011.

IIFCL has set up its wholly owned subsidiary, IIFC (UK) Ltd at London with the objective of borrowing up to USD 5 billion from the Reserve Bank of India and on-lend to Indian companies implementing infrastructure projects in the country for the purpose of meeting the capital expenditure solely outside India. IIFC (UK) began its operations from April 2008 and till end December 2011 has sanctioned USD 3.25 billion to 28 infrastructure projects in the port, power sector, gas pipeline and the mass rapid transport (metro rail) sector. IIFC (UK) has raised USD 380 million in two tranches from the Reserve Bank of India of which the company has disbursed USD 360.80 million. Further, the company has issued Letter of Comfort of USD 301 million till end December 2011.

#### **Export-Import Bank of India (Exim Bank)**

Export-Import Bank of India, set up in 1982, by an Act of Parliament for the purpose of financing, facilitating and promoting foreign trade of India, is the principal Financial Institution in the country for coordinating working of institutions engaged in financing exports and imports. It is wholly owned by the Government of India. Exim Bank lays special emphasis on extension of Lines of Credit (LOCs) to overseas entities, national governments, regional financial institutions and commercial banks.

During the year 2010-11, Exim Bank extended 22 LOCs, aggregating US\$ 2.38 billion, to support export of projects, goods and services from India. Several of these lines have been extended at the behest of Government of India. During the financial year 2010-11, the Bank approved loans of ₹47,798 crore as against ₹38,843 crore during 2009-10. Disbursements during the year amounted to ₹34,423 crore as compared to ₹33,248 crore during the previous year. Loan assets increased to ₹45,655 crore as on March 31, 2011 from ₹39,036 crore as on March 31, 2010.

Exim Bank also actively supports and facilitates outward investments by Indian companies in their quest for enhanced access to global markets. During the year 2010-11, 64 corporates were sanctioned funded and non-funded assistance aggregating ₹83.25 billion for part financing their overseas investment in 28 countries. Exim Bank has provided finance to 331 ventures set up by 268 companies in 68 countries so far, including Austria, Bangladesh, Brazil, Canada, China, Croatia, Egypt, Indonesia, Ireland, Israel, Italy, Malaysia, Malta, Mauritius, Morocco, Nepal, Netherlands, Oman, Romania, Singapore, South Africa, Spain, Sri Lanka, Sudan, UAE, UK, USA, and Vietnam.

### National Housing Bank

National Housing Bank (NHB) was set up by the National Housing Bank Act, 1987 as a principal agency to promote housing finance institutions (HFCs) and to provide financial and other support to such institutions. The main activities of NHB include Regulation and Supervision of HFCs and re-finance to Primary Lending Institutions (PLIs). At present, there are 54 HFCs that are regulated by NHB. NHB provides refinance to Banks and HFCs and project finance to Government agencies and Self Help Groups (SHGs) besides initiatives for development and promotion of the housing finance system in India. The present paid-up capital of NHB is ₹450.00 crore, owned by the Reserve Bank of India.

#### Performance of National Housing Bank

| Financial Year<br>(July-June) | ( ₹ in crore) |           |           |
|-------------------------------|---------------|-----------|-----------|
|                               | 2008-09       | 2009-10   | 2010-11   |
| Loans & Advances (o/s)        | 16,850.96     | 19,836.66 | 22,581.45 |
| Disbursements                 | 10,889.03     | 8,159.29  | 12,034.79 |
| Total Assets                  | 24,476.35     | 22,471.72 | 25,780.76 |
| Net NPAs                      | 0.00          | 0.00      | 0.00      |
| Profit after Tax              | 235.62        | 280.25    | 278.93    |
| CRAR (%)                      | 18.19         | 19.59     | 20.64     |

The following programmes are presently under implementation of NHB:

#### Performance of Programmes

| Programmes Government Assistance  | ( ₹ in crore) |          |         |                        |
|---|---------------|----------|---------|------------------------|
|   | 2008-09       | 2009-10  | 2010-11 | 2011-12<br>(July-Dec.) |
| 1. Golden Jubilee Rural Housing Refinance Scheme (GJRHS) – Monitoring & Refinancing | 718.44        | 1,680.00 | 3781.92 | 1454.61                |
| 2. Regular Refinance Scheme   | 4393.89       | 4311.94  | 5937.21 | 4962.15                |
|   | 3979.81       | 100.00   |         |                        |
|   | (SRF)         | (SRF)    |         |                        |
| 3. Rural Housing Fund (RHF)   | 4760.33       | 1761.48  | 2015.82 | 2003.66                |
| 4. Project Finance Scheme including MFIs (mainly for EWS/LIG)                       | 35.41         | 51.53    | 311.79  | 62.77                  |

Information/status is in respect of (a) Rural Housing Fund (RHF) with NHB, (b) Reverse Mortgage Loan, (c) Reverse

Mortgage Loan enabled Annuity (RMLeA) (d) 1% Interest Subvention on housing loans (e) NHB RESIDEX (f) Residential Mortgage Backed Securitization is given below: -

**(a) Rural Housing Fund (RHF):** In the first year of RHF i.e. in the year 2008-09 (July to June), NHB disbursed an amount of 1761.48 crore against an amount of 1760.33 crore received during the period. During the year 2009-10, NHB had disbursed 2015.82 crore against the allocated amount of 2000 crore. During the year 2010-11, NHB disbursed 2003.66 crore against the allocated amount of ₹ 2000.00 crore. During the current year 2011-12 (July – December), NHB has so far disbursed 1628.51 crore against an allocation of 3000.00 crore.

**(b) Reverse Mortgage Loan:** NHB has conceptualized the Reverse Mortgage Loan (RML) product, exclusively for covering house owning Senior Citizens. Pursuant to the announcement made in the Union Budget speech of the Hon'ble Finance Minister on February 28, 2007, NHB notified Operational Guidelines for Reverse Mortgage Loan (RML) in May 2007, after extensive consultation with the Housing Finance Companies (HFCs) and Banks. Further, NHB in consultation with reputed legal firms prepared and circulated model formats of the loan documents for adoption suitably by the HFCs and Banks in connection with their lending under RML.

The Budget Speech for the year 2008-09 contained two major announcements relating to the proposed amendments to the Income Tax Act. These are (i) a new sub-section (xvi) to Section 47 of the Income Tax Act providing that reverse mortgage would not amount to "transfer" and (ii) insertion of a new sub-section (43) under Section 10 of the Income Tax Act to the effect that the stream of payments received by the senior citizen under RML under a Scheme notified by the Central Government would not be "income", as they are in the nature of capital receipts.

Reverse Mortgage Scheme has since been notified by a Gazette notification by Government of India on 30-09-2008. Necessary amendment has also been made by the Income Tax Department that the stream of income received by the senior citizens under RML would not be income as they are in the nature of capital receipt.

23 Scheduled Commercial Banks and 2 Housing Finance Companies have launched the Scheme. An amount 1658 crore have been sanctioned under the RML Scheme (upto September 30, 2011).

**(c) Reverse Mortgage Loan enabled Annuity (RMLeA):** With a view to extend the payments received under RML to residual lifetime of the borrower, a new product variant viz. Reverse Mortgage Loan enabled Annuity (RMLeA) was conceptualized by NHB and launched in December 2009.

RMLeA is the result of direct product integration between the housing finance market and the insurance sector for the first time in India. The Scheme envisages the Banks/HFCs to source assured lifetime payments to the senior citizen borrower through the Insurance Company. NHB has formulated RMLeA's Operational Guidelines for implementation by Primary Lending Institution. The RMLeA Scheme has been implemented, so far, by Central Bank of India and Union Bank of India in association with Star Union Dai-ichi Life Insurance Co. Ltd (SUD Life). The Life Insurance Corporation of India has evinced interest in the product and will be soon launching the product in association with few Public Sector Banks.



NHB has been widely disseminating information on RML/RMLeA through regular seminars /Workshops/Interactions. 15 Seminars were conducted by NHB during the period from April 2010 to March 2011. During the current financial year, 8 seminars have been so far organized by NHB. The locations where the seminars have been conducted include cities such as Behrampur, Chandigarh, Chennai, Ghaziabad, Guwahati, Hyderabad, Jaipur, Lucknow, New Delhi and Mumbai.

NHB has also launched Reverse Mortgage Loan Counselling Centres for Senior Citizens, adopting a 'partnership approach' with reputed NGOs engaged in addressing the issues of senior citizens to operate the programme. During the year 2011, NHB opened a Counselling Centre at Lucknow in association with HelpAge India. In addition to this, NHB has already established RML Counselling Centres at Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi (2) in association with reputed NGOs.

As per information available with NHB, a total 88 accounts amounting to ₹29 crore were sanctioned under the RMLeA Scheme (upto March 31, 2011).

**(d) 1% Interest Subvention Scheme on Housing Loans :** In order to stimulate demand for credit for housing in the middle & lower income segment of population in the country, the Government has implemented an interest subvention of 1% on all individual housing loans of up to 10 lakh, provided the cost of the unit does not exceed ₹ 20 lakh. For FY 2011-12, the Scheme has been extended for housing loan upto ₹15 lakh, where the cost of house does not exceed ₹25 lakh.

The objective of the Scheme is to provide Interest Subsidy on Housing Loan as a measure to improve affordability of housing to eligible borrowers and generate additional demand for credit. The Scheme is being implemented throughout the country and is in operation from Oct 1, 2009 to March 31, 2012. The Scheme is being implemented through the Scheduled Commercial Banks (SCBs) and Housing Finance Companies (HFCs) registered with National Housing Bank (NHB). For the Financial Year 2011-12, NHB has been designated as the common nodal agency for SCB's and HFC's with respect to the implementation of the Scheme.

After sanctioning and disbursement of the loans to eligible borrowers, SCB's and HFC's will claim subsidy from NHB on monthly basis. The Scheme is being reviewed regularly during the meetings of CEO's of HFCs and Senior Officials of Banks organized by NHB. The progress under the Scheme is also being informed to the Board of NHB.

SCB's and HFC's have been advised to take appropriate measures to bring awareness about the Scheme and its speedy implementation so that the benefit of the Scheme can be passed on to maximum number of intended beneficiaries.

The Status of claims of 1% Interest Subvention Scheme released to HFCs through NHB, as a Nodal Agency for HFCs, is given below in the table:

| Sl.No. | Particulars                       | Interest Subsidy Amount |
|--------|-----------------------------------|-------------------------|
| 1      | Total claims received from HFCs   | ₹62.06 crore            |
| 2      | Total claims sent to the Ministry | ₹49.78 crore            |
| 3      | Amount Disbursed to HFCs          | ₹49.26 crore            |

**(e) NHB RESIDEX :** NHB RESIDEX is an Initiative of the National Housing Bank to provide an Index of residential prices in India across cities and over time. National Housing Bank, at the behest of the Ministry of Finance, Government of India, began this Initiative in the year 2005-06 and undertook a pilot study to examine the feasibility of preparing such an index at the national level. NHB launched RESIDEX for tracking prices of residential properties in India, in July 2007, covering data up to 2005 with 2001 as the base year. The pilot study covered 5 cities viz. Bengaluru, Bhopal, Delhi, Kolkata and Mumbai. Thereafter NHB RESIDEX has been expanded to cover ten more cities namely Ahmedabad, Faridabad, Chennai, Kochi, Hyderabad, Jaipur, Patna, Lucknow, Pune and Surat. NHB RESIDEX is now covering 15 cities and is updated and released on a quarterly basis with 2007 as the base year. NHB Residex has been updated and released for the quarter ended September, 2011 (July – September, 2011).

Movement in prices during the quarter July – September, 2011

The movement in prices of residential properties has shown a declining trend in nine cities during the quarter July-September, 2011 as compared to the previous quarter. However, on year-on-year basis, price movements in all the cities, excepting 2 cities, have witnessed an increasing trend.

**Rising Trend:** Residential housing prices in 6 cities have shown rise in prices in the quarter ended September, 2011 (July-September, 2011) over the previous quarter ended June, 2011 (April-June, 2011). The city which has shown the maximum increase is Pune (13%) followed by Chennai (9%), Mumbai (7%), Delhi (5%), Jaipur (2%) and Bengaluru (1%).

**Declining Trend:** There are 9 cities which have shown decline in prices over the previous quarter with maximum fall shown by Kochi (-9%) followed by Hyderabad (-8%), Bhopal (-7%), Surat (-7%), Faridabad (-6%), Ahmedabad (-4%), Lucknow (-4%), Patna (-3%) and Kolkata (-2%).

**(f) Residential Mortgage Backed Securitization :** NHB has so far completed 14 Residential Mortgage Backed Securitization transactions involving 38,809 individual housing loans of six Housing Finance Companies (HFCs) and one Scheduled Commercial Bank, housing loans amounting to ₹ 862.20 crore. The success of the issues of RMBS has significantly provided means to better understand and address the legal, regulatory, fiscal, accounting and other capital market related issues relating to such transactions as also various policy issues for a conducive environment for such issuances.

The structure of NHB's RMBS issues has been designed under the provisions of the National Housing Bank Amendment Act, 2000 (Sections 14 (ea), 14 (eb), 14 (ec) and 18), which authorize the Bank to carry out securitization transactions and issue mortgage backed securities as trust certificates of beneficial interest and act as Trustee for the holders of such securities.

So far, 7 RMBS transactions and their respective Special Purpose Vehicle trust have been closed, including 1 RMBS transaction during the period April 2010 to March 2011.

## DEPARTMENT OF EXPENDITURE

### INTRODUCTION

#### Organisation and Functions

The Department of Expenditure is the nodal Department for overseeing the public expenditure management system in the Central Government and matters connected with State finances. Principal activities of the Department include pre-sanction appraisal of all major schemes/projects (both Plan and non-Plan expenditure); handling Central budgetary resources transferred to States; implementing the recommendations of the Finance Commission; overseeing the expenditure management in the Central Ministries/Departments through the interface with the Financial Advisors, modifications and issue of guidelines on Financial Rules, Regulations and monitoring of Audit comments / observations; preparation of Central Government Accounts; managing the financial aspects of personnel management in the Central Government; assisting Central Ministries/Departments in controlling the costs and prices of public services and organizational re-engineering by reviewing systems and procedures to optimize outputs and outcomes of public expenditure. The Department also coordinates 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), Faridabad.

The business allocated to the Department is carried out through the following Divisions/Units:

#### Administration Division

- Looks after the secretariat work of the Department and comprises of Finance Minister's Office, Cadre Administration Section, Accounts and Budget, General and Personnel Administration and the Official Language Section.

#### Establishment Division

- Responsible for matters like determination of salary structure and service conditions of all Central Government employees, wage policy determination, revision of pay scales, creation of posts, basic principles of fixation of pay, House Rent Allowance, Traveling/Daily Allowance, Dearness Allowance and various other compensatory allowances in respect of Central Government employees.

#### Central Public Procurement Portal

- A portal called the Central Public Procurement Portal with an e-publishing as well as e-procurement module (URL [eprocure.gov.in](http://eprocure.gov.in)) has been set up. It has become mandatory to publish tender enquiries, corrigenda thereon and details of bid awards (except certain individual cases where confidentiality is required) on this portal using e-publishing module with effect from the following dates:

- a. Ministries/Departments of the Central Govt. and their attached and subordinate offices w.e.f. 1<sup>st</sup> January, 2012.

- b. Central Public Sector Enterprises w.e.f. 1<sup>st</sup> February, 2012.
- c. Autonomous/Statutory bodies w.e.f. 1<sup>st</sup> April, 2012.

#### Policy and Coordination Wing

- Responsible for the Outcome Budget, Annual Report, the administration of General Financial Rules and Delegation of Financial Powers Rules; Defence acquisitions; Committee on Non-plan Expenditure; Government procurements systems and procedures; re-appropriation of establishment related expenditure; foreign deputation proposals; implementation of recommendations of the Expenditure Reforms Commission and of economy instructions on expenditure management; Public Accounts Committee; review of monthly accounts; Right to Information Act; legislative proposals received for vetting/comments; reports/returns; departmental representation in various committees and autonomous bodies; Parliamentary coordination for Ministry of Finance; policy issues and proposals for Cabinet/Group of Ministers/Committee of Secretaries, which are not specifically dealt with in any other wing/division in the Department.

#### Plan Finance -I and Finance Commission Divisions

- Deals with matters relating to finances and plan outlays of the States in close co-ordination with the Planning Commission, releases funds to State Governments for implementing developmental work in the States, calculates and monitors annual borrowings of States. It implements the awards of Finance Commission as applicable to States and also handles issues relating to calamity relief to States, Centre-State and Inter-State financial relations.

#### Plan Finance – II Division

- Primarily concerned with matters relating to the Central Plan and serves as a window within the Finance Ministry, which has an overview of the entire canvas of development activity of the Central Government, both at the project level and sectoral policy level. The focus has been on improving the quality of development expenditure through better project formulation, emphasis on outputs, deliverables, impact assessment, projectisation (Mission approach) and convergence. The Division also deals with financial restructuring of Central PSUs on the recommendations of Bureau for Restructuring of Public Sector Enterprises (BRPSE). It is also actively involved in working out modalities for financial assistance to CPSEs, quantification of I&EBR generation for preparation of budget, finalizing modernization of plants and equipments to ensure greater efficiency in production. At micro level, Plan Finance-II

Division deals with issues relating to Food, Fertilizers and Petroleum subsidies, including their quantification and extension of assistance to the Stake holders. At micro level, the division is actively involved, along with the concerned Department/ Ministry, in shaping up future subsidy policy of the Government so as to ensure effective targeting.

#### **Integrated Finance Unit**

- Deals with the expenditure and Budget related proposals under Demand No.38 – Department of Expenditure which includes Secretariat General Services and Other Administrative Services and Demand No.39- Pensions which includes provision for various retirement benefits. In respect of two other Demands, namely, Demand No.35- Transfer to State and Union Territory Governments and Demand No. 40- Indian Audit and Accounts Department, the budgetary estimates are directly dealt with by the respective divisions. However, the overall monitoring is done by the Integrated Finance Unit. This unit is also responsible for monitoring and control over expenditure of the Department and implementing the economy instructions for compliance by various organizations of the Department.

#### **Miscellaneous Departments Division**

- Functions under Financial Adviser (Finance) as associate finance to President's Secretariat, Vice-President's Secretariat, Supreme Court of India, Lok Sabha Secretariat, Rajya Sabha Secretariat and Ministry of Parliamentary Affairs.

#### **Pay Research Unit**

- Mainly responsible for collection, compilation and analysis of data on actual expenditure incurred on pay and various types of allowances as well as data pertaining to the strength of the Central Government Civilian employees and employees of Union Territory Administrations.

#### **Staff Inspection Unit**

- Set up in 1964 with the objective of securing economy in the staffing of Government organizations consistent with administrative efficiency and evolving performance standards and work norms, now also acts as a catalyst in assisting the line Ministries and Autonomous Organizations in improving their organizational effectiveness by conducting the studies of organizational analysis in five distinct fields viz. Organizational System, Financial Management System, Delivery System, Client-Customer satisfaction and Employees' concerns etc.

#### **Cost Accounts Branch**

- An independent agency set up to verify the cost of production and to determine the fair selling price

for all Government purchases including Defence purchases and to fix prices for a number of products covered under the Essential Commodities Act, such as, Petroleum, Steel, Coal, Cement, etc. under the Administered Price Mechanism (APM). It renders professional assistance to different Ministries and Government agencies in cost, management and financial accounting in the Government.

#### **Controller General of Accounts**

- Apex accounting authority of the Central Government exercising the powers of the President under Article 150 of the Constitution for prescribing the form of accounts of the Union and State Governments on the advice of Comptroller and Auditor General of India.

#### **Monitoring Cell**

- Works under the Office of Controller General of Accounts. It is responsible for co-ordination, collection and monitoring the submission of corrective/remedial action taken notes on various paras contained in Comptroller & Auditor General (C&AG)'s Reports. It also monitors the settlement of paras/recommendations included in their reports of the Public Accounts Committee(PAC).

#### **Central Pension Accounting Office**

- Administers the "Scheme for payment of Pensions to Central Government Civil Pensioners by Authorized Banks". It is primarily responsible for preparation of budget for the Pension Grant and accounting thereof; issue of Special Seal Authorities (SSAs); and audit of pension payment made by Banks.

#### **Chief Controller of Accounts**

- Responsible for payment of salary bills and all other personal payments, pensionary payments, payment of loans and grants sanctioned by the Department to the State Governments and watching the receipts of principal and interest of the loans. It works as the internal audit of the Department and also renders technical advice relating to accounting matters. It also compiles the monthly accounts and Appropriation Accounts.

#### **Institute of Government Accounts and Finance**

- Headquarters at New Delhi and four Regional Training Centres located at Calcutta, Chennai, Navi Mumbai and Aizawl impart in-service training to the Accounts Personnel and Civil Ministries/ Departments in various disciplines of Financial Management and Govt. Accounts and Finance. Since 1995 it has started Public Financial Management programmes for officials from other countries.

STATEMENT OF OUTLAYS AND OUTCOMES 2012-13

| S. No. | Name of the Scheme/Programme                   | Objective/Outcome   | Outlay 2012-13<br>(₹ In Crore) | Quantifiable Deliverables/<br>Physical Outputs | Projected Outcomes | Processes/<br>Timelines  | Remarks/<br>Risk Factors   |
|--------|--|---|--------------------------------|--|--------------------|--|--|
| 1      | 2  | 3   | 4                              | 5  | 6                  | 7  | 8  |
|        |  |   | 4(i) Non-Plan                  | 4(ii) Plan                                     | 4(iii) CEBR*       |  |  |
| 1.     | <b>MH 2070 -Other Administrative Services.</b> | (i) High Level Professional Course covering basic elements of Post Graduate Diploma in Business Management (Finance) for the officers dealing with Accounts & Finance matters being offered by the National Institute of Financial Management | -                              | 3.00   | -                  | Capacity building in financial managerial skill and in areas such as Commercial and Govt. Accounting, Public Finance, Budgeting, Financial Policy Formulation/ Decision Making and Project Management. In 2012, 50 officers are targeted for training under this scheme. | ₹ 3.00 crore under Revenue Section which will cover the programme fee component. |
|        |  | (ii) Post Graduate Programme in Financial Markets for officers of Central/State/UT Governments.   | -                              | 1.00   | -                  | Will give exposure in the area of financial Markets and Public Private Partnership. In 2012, 20 officers are targeted for training.  | ₹ 1.00 crore under Revenue Section towards fee component.                        |

\* CEBR - Complementary extra Budgetary Resources i.e. expenditures committed for the purpose by entities other than the Central Government.



## REFORM MEASURES AND POLICY INITIATIVES

### Department Of Expenditure

The Department of Expenditure has taken a number of measures to improve the systems and procedures of public financial management, thereby promoting the cause of good governance. The Prime Minister's Thrust Areas included five planks of Institutional reforms, viz., Decentralization, Simplification, Transparency, Accountability and e-governance. These were echoed in the 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 and became the guiding principles of setting the work plan.

### Revised Guidelines for Outcome Budget/Performance Budget

Guidelines were issued vide O.M. No. 2(1)Pers/E-Coord/OB/2005 12<sup>th</sup> December, 2006 for integration of OUTCOME BUDGET and PERFORMANCE BUDGET documents into a single document, requiring specific mention of the monitoring mechanism and the public information system put in place by the Ministry to regularly monitor physical and financial progress during the course of the year and inform general public about it as well. Guidelines in this respect were issued in May, 2009 wherein it has been emphasized that as far as feasible sub targets for coverage of women and SC/ST beneficiaries under various developmental schemes and the schemes for the benefit of North-Eastern region should be separately indicated. Latest guidelines have been issued in December, 2011.

### Rationalization of Expenditure

With a view to containing non-developmental expenditure, and thereby releasing additional resources for meeting the objectives of priority development oriented schemes, Ministry of Finance has been issuing guidelines on 'Austerity Measures' in the Government from time to time. Such measures are intended at promoting fiscal discipline, without restricting operational efficiency of the Government. The last set of instructions were issued vide OM No. 7(1)/E.Coord/2011 July, 2011. These measures include, inter alia, cuts in non Plan Expenditure (excluding interest payment, repayment of debt, Defence capital, salaries, pension and the Finance Commission grants to the States) and restrictions on purchase of new vehicles, foreign travel etc. While no general cut in Non-Plan expenditure has been imposed in 2011-12, measures for curtailing expenditure on various accounts viz. seminars/conferences, purchase of vehicles, foreign travel, creation of posts, consultancy assignments, observance of discipline in fiscal transfers to States/PSU/Autonomous Bodies and balanced pace of expenditure, has been suggested.

### Central Public Procurement Portal

A portal called the Central Public Procurement Portal with an e-publishing as well as e-procurement module (URL [eprocure.gov.in](http://eprocure.gov.in)) has been set up. It has become mandatory to publish tender enquiries, corrigenda thereon and details of bid awards (except certain individual cases where confidentiality is required) on this portal using e-publishing module with effect from 1<sup>st</sup> January, 2012 for Ministries/Departments of the Central Govt. and their attached and subordinate offices; 1<sup>st</sup> February, 2012 for Central Public Sector Enterprises and 1<sup>st</sup> April, 2012 for Autonomous/Statutory bodies.

### State Finances Division

The State Finances (Plan Finance-I) & Finance Commission Division of Department of Expenditure looks after all matters relating to finances of the State Governments, including Plan releases in the State Sector and Non-Plan releases on the recommendation of Finance Commissions. Assessment of

borrowing space of State Governments is also made by this Division which involves fixing of annual borrowing ceiling, issue of permission for borrowings under Article 293(3) of the Constitution of India, monitoring of ways and means position of States in close co-ordination with the RBI, debt write-offs (as recommended by the 12<sup>th</sup> and 13<sup>th</sup> Finance Commissions) etc. This Division operates Demand No. 35 of the Ministry of Finance from which funds are released for both Plan and Non Plan purposes.

### Grants under State Plan Schemes

Releases for schemes on the Plan side are made on the recommendation of the Planning Commission/nodal Ministry concerned. The important flagship schemes for which funds are being provided under the Plan head in 2011-12 include Accelerated Irrigation Benefits Programme (AIBP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), National Social Assistance Programme (NSAP), Border Area Development Programme, Hill Area/Western Ghats Development Programme, National e-Governance Programme, Backward Regions Grant Fund Scheme etc. Against an outlay of ₹ 80741.61 crore in BE 2011-12 for Central Assistance to State Plans in Demand 35 of Department of Expenditure, ₹61138.93 crore has been released as on 15.02.2012. A Budget provision of ₹ 99543.00 crore for State Plan Schemes has been made for the financial year 2012-13, which is an enhancement of 23.29% against BE 2011-12 of ₹ 80741.61 crore.

In order to make the State budgeting process more efficient, promote real-time reconciliation of accounts, strengthen management information systems and improve transparency and efficiency in public finance management systems a scheme for computerisation of State treasuries was approved in June 2010 under the National e-Governance Plan with a total expenditure of ₹626 crore and Central Assistance of ₹482 crore. So far 8 projects with a commitment of ₹156.60 crore have been approved under the scheme and an amount of ₹62.64 crore has been released till 24.02.2012.

### Non-Plan grants

The year 2011-12 is the 2<sup>nd</sup> year of the award period of the 13<sup>th</sup> Finance Commission (FC- XIII), 2010-15. The budget provision for 2011-12 was ₹49298.62 crore (48% higher than BE 2010-11) for various grants including Non-Plan Revenue Deficit Grant and grants for local bodies, elementary education, calamity relief (including capacity building), forest, justice delivery, UID, improvement of statistical system, employee & pension data base, water sector management, maintenance of roads & bridges and state specific needs etc. as per recommendations of FC- XIII. As on 15.02.2012, ₹33770.46 crore has been released for these purposes. In addition, there is a provision of ₹.4525.00 crore under National Disaster Response Fund (NDRF), against which ₹ 1636.64 crore has been released upto 15.02.2012. A budget provision of ₹ 58357.46 crore has been proposed for Non Plan Grants for the financial year 2012-13, which is an enhancement of 18.38% over BE 2011-12.

### Borrowings

The methodology for determining annual borrowing ceilings of States during the 2010-15 period has been devised in line with the FC- XIII report. The borrowing limits of States are being worked out and enforced by Ministry of Finance (MoF) in accordance with the prescribed fiscal reform path for each State. Compliance with the prescribed fiscal parameters is expected to bring down overall debt of States to 24.3% of GDP in the end of year 2014-15.

### Debt Consolidation and Debt waiver awarded to States

On the basis of the recommendations of the Twelfth Finance Commission (TFC) during its award period (2005-2010), a Debt Consolidation and Relief Facility was extended to States. This facility involved

- (i) Consolidation of loans from Ministry of Finance, contracted till 31.3.2004 and outstanding as on 31.3.2005, for a fresh tenure of twenty years at an interest rate of 7.5% per annum and
- (ii) Debt waiver to States based on their fiscal performance.

Under this facility, loans from Government of India, Ministry of Finance to 26 States, amounting to ₹113601.00 crore, were consolidated during TFC award period. Debt waiver amounting to ₹20567.00 crore has been provided to eligible States. West Bengal and Sikkim did not avail the facility during TFC award period, as they had not enacted their FRBM Acts.

The Thirteenth Finance Commission (FC-XIII), for their award period of 2010-15, has extended the debt consolidation facility recommended by the Twelfth Finance Commission to the States of Sikkim and West Bengal, upon these States putting in place their Fiscal Responsibility and Budget Management Acts (FRBMA). West Bengal and Sikkim have enacted their FRBM Acts during 2010-11. Therefore, as recommended by FC-XIII, central loans from Ministry of Finance amounting to ₹ 8633.50 crore and ₹113.45 crore for West Bengal and Sikkim respectively, have been consolidated for a fresh tenure of 20 years at an interest rate of 7.51%.

The DCRF Scheme came to an end on 31.3.2010. At present an exercise is being undertaken to assess the States' eligibility for debt waiver for 2009-10 (last year of TFC's award period) based on actual fiscal performance, as gleaned from the States Finance Account for 2009-10.

### States' Fiscal Consolidation (2010-15)

FC-XIII has worked out a fiscal consolidation roadmap for each state, requiring States to eliminate revenue deficit (RD) and achieve fiscal deficit (FD) of 3% of their respective Gross State Domestic Product (GSDP) by 2014-15. FC-XIII has also recommended a combined debt target of 24.3% of GDP to be reached by States by 2014-15 from a level of 27% in 2008-09. This combined debt reduction target is also expressed in terms of outstanding debt to GSDP ratios for each State for each year.

The Thirteenth Finance Commission (FC-XIII) has recommended that the States' enactment/amendment of their Financial Responsibility and Budget Management Acts (FRBMAs), incorporating each State's fiscal consolidation targets, will be a pre-requisite for debt relief measures and release of all state-specific grants.

As on 15/02/2012, information about 27 States having enacted/amended their FRBM Acts (including 2 states through Ordinances) as prescribed by the Thirteenth Finance Commission, has been received. In respect of the one remaining State, its FRBM Act enacted in 2006 already contains the fiscal consolidation roadmap which is in line with the recommendations of FC-XIII for the first three years of the award period (i.e., 2010-11 to 2012-13). The State Government has been advised to amend its FRBM Act to incorporate the targets for the last two years of the award period of FC-XIII.

### Debt Relief recommended by FC XIII

FC-XIII, has recommended the following debt reliefs to States, subject to the condition that they enact/amend their FRBMAs to build in the fiscal reform path worked out by it for each State:

- i) Resetting of interest rate at 9% for loans contracted by States from National Small Savings Fund (NSSF) till

2006-07 and outstanding at the end of preceding year in which FRBMA is enacted/amended. Further, the actual reset of interest will be done from the date FRBMAs is enacted/amended. The repayment schedule, however, is to remain unchanged. A Committee has been set up to assess the eligibility of States for interest relief, on NSSF loans.

- (ii) Write-off of loans from Government of India to States, for Centrally sponsored Schemes/Central Plan Schemes administered by Ministries/Departments other than Ministry of Finance outstanding as at the end of 2009-10. For this purpose a provision of ₹2055.00 crore has been made. The committee to assess states' eligibility for the aforementioned debt relief has already met. The cases for relief are expected to be processed within 2011-12.

### Projects clearance by EFC & PIB

During the period from 1<sup>st</sup> January to 31<sup>st</sup> December, 2011, 50 meetings of the Expenditure Finance Committee (EFC) chaired by Secretary (Expenditure) considered 52 Plan Investment Proposals/Schemes of various Ministries/Departments costing ₹ 58042.42 crore. Also, 5 meetings of Public Investment Board (PIB) cases involving an amount of ₹15833.57 crore were considered and recommended by the competent authority as per the following details:-

| Sl. No.      | Ministry/Department          | No. of Projects recommended for approval | Cost (₹ crore)  |
|--------------|------------------------------|--|-----------------|
| 1.           | Power                        | 1  | 2978.80         |
| 2.           | Shipping                     | 2  | 1944.22         |
| 3.           | Chemicals and Petrochemicals | 1  | 8879.21         |
| 4.           | Mines                        | 1  | 2031.34         |
| <b>TOTAL</b> |                              | <b>5</b>                                 | <b>15833.57</b> |

### e-Payment initiatives

The office of the Controller General of Accounts has developed a system to effect payments in Pay and Accounts Offices of various Ministries through electronic mode. This system of e-payment is set up on a shared platform between COMPACT, Core Banking Solution of Banks and Government Electronic Payment Gateway (GePG).

The e-payment system has been implemented successfully in some of the Pay and Accounts Offices of the Ministry of Finance. It will be implemented in all the PAOs of the Ministry with effect from 1<sup>st</sup> April, 2012. As per this procedure, the PAOs are required to issue electronic advices instead of cheques to the accredited banks. A separate module has been developed in COMPACT application for this purpose through which electronic payment advice is generated by the PAOs.

Various security features are in-built in the system making it a secure mode of fund transfer. It is one of the first, security compliant digital signature based payment systems in Government. Apart from increasing the security and efficiency of Government payments, it will also contribute to good governance and anti corruption measures as it will greatly reduce the dependency of beneficiaries on Government offices and officials to receive their payment. The payment process would also be faster as compared to the earlier system.

STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2010-11

| S. No. | Name of the Scheme/Programme  | Objective/Outcome   | Outlay 2010-11 (₹ In Crore)             | Quantifiable Deliverables/ Physical Outputs | Processes/ Timelines   | Status as on 31 <sup>st</sup> March, 2011   |
|--------|---|---|---|---|--|---|
| 1      | 2   | 3   | 4                                       | 5   | 6  | 7   |
|        |   |   | 4(i) BE                                 | 4(ii) RE                                    |  |   |
| 1.     | <b>Major Head 2070- Other Administrative Services.</b><br>Central Plan Scheme for enhancing training capacity of National Institute of Financial Management and infrastructural development of the Institute. | High level professional course covering basic elements of MBA (Finance) for officers dealing with Accounts and Finance matters to be offered by National Institute of Financial Management Society. | 10.50 (Plan)<br>(Rev. 3.30) (Cap. 7.20) | 9.51 (Plan)<br>(Rev.2.31)<br>(Cap. 7.20)    | Training to 100 officers of Central/ State UT Governments. The programme consists of trimesters having 12-14 weeks duration each. This is a combination of class room teaching and project work. | (i) Under Revenue Section, 40 candidates joined the course at NIFM, Faridabad. Actual expenditure is ₹ 2.31 crore.<br><br>(ii) Under Capital Section, ₹ 7.20 crore released for strengthening the infrastructure in the institute was utilized fully. |

## STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2011-12

| S. No. | Name of the Scheme/Programme  | Objective/Outcome  | Outlay 2011-12 (₹ In Crore)                                    | Quantifiable Deliverables/ Physical Outputs   | Processes/ Timelines | Status as on 31 <sup>st</sup> December, 2011   |
|--------|---|--|--|---|----------------------|--|
| 1      | 2   | 3  | 4  | 5   | 6                    | 7  |
|        |   |  | 4(i) 4(ii)<br>BE RE  |   |                      |  |
| 1.     | <b>Major Head</b><br><b>2070- Other Administrative Services.</b><br>Central Plan Scheme for enhancing training capacity of National Institute of Financial Management and infrastructural development of the Institute. | High level professional course covering basic elements of MBA (Finance) for officers dealing with Accounts and Finance matters to be offered by National Institute of Financial Management Society and increasing the infrastructure of the Institute. | 5.00 (Plan)<br>(Rev. 3.00) (Rev.2.45)<br>(Cap.2.00) (Cap.1.03) | Training to 50 officers of Central/ State UT Governments. The programme consists of trimesters having 12-14 weeks duration each. This is a combination of class room teaching and project work. | Two years            | (i) Under Revenue Section, 39 candidates joined the course at NIFM, Faridabad. Actual expenditure till 31 <sup>st</sup> December, 2011 is ₹ 1.84 crore.<br><br>(ii) Under Capital Section, the expenditure is Nil. Will be utilized by the next quarter. |



**FINANCIAL REVIEW**  
**STATEMENT SHOWING ACTUAL EXPENDITURE VIS-A-VIS BE/RE PROVISIONS FOR THE YEARS**  
**2009-10, 2010-11 AND 2011-12**

**Demand No. 38 - Department of Expenditure**

| SI No | Description  | Major Head  | (₹ In Crore) |              |              |               |               |              |               |               |                           |
|-------|--|-------------|--------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------------------|
|       |  |             | 2009-10      |              |              | 2010-11       |               |              | 2011-12       |               |                           |
|       |  |             | BE           | RE           | Actuals      | BE            | RE            | Actuals      | BE            | RE            | Actuals (upto 31.12.2010) |
| 1.    | <b>Secretariat – Gen. Services</b>   | <b>2052</b> | 51.27        | 51.18        | 50.99        | 55.45         | 52.28         | 50.87        | 55.91         | 74.67         | 44.67                     |
| 2.    | <b>Other Admn. Services</b>  | <b>2070</b> | 20.33        | 24.36        | 23.27        | 31.85         | 52.99         | 35.09        | 44.06         | 52.79         | 33.64                     |
|       | i) Training Centre for Civil Accounts Organization (INGAF)                             |             | 3.32         | 3.14         | 3.12         | 3.14          | 3.27          | 3.21         | 3.65          | 3.93          | 2.73                      |
|       | ii) Scheme for enhancing training capacity of NIFM Society                             |             | 5.00         | 3.20         | 3.20         | 4.70          | 3.71          | 3.71         | 4.40          | 3.85          | 2.89                      |
|       | iii) Contributions   |             | 0.01         | 0.02         | 0.01         | 0.01          | 0.01          | 0.01         | 0.01          | 0.01          | 0.01                      |
|       | iv) Service charges to National Securities Depository Limited under New Pension Scheme |             | 12.00        | 18.00        | 16.94        | 24.00         | 46.00         | 28.16        | 36.00         | 45.00         | 28.01                     |
| 3.    | <b>Other General Economic Services</b>   |             |              |              |              |               |               |              |               |               |                           |
|       | i) Development of National Institute of Financial Management                           | <b>4070</b> | 6.40         | 6.40         | 3.20         | 7.20          | 7.20          | 7.20         | 2.00          | 1.03          | 0.00                      |
|       | (ii) New accommodation for Office of Controller General of Accounts                    | <b>4059</b> | -            | -            | -            | 26.35         | -             | -            | -             | -             | -                         |
|       | <b>TOTAL</b>   |             | <b>78.00</b> | <b>81.94</b> | <b>77.46</b> | <b>120.85</b> | <b>112.47</b> | <b>93.16</b> | <b>101.97</b> | <b>128.49</b> | <b>78.31</b>              |

## OBJECT HEAD WISE EXPENDITURE VIS-A-VIS BE/RE FOR THE YEARS 2009-10, 2010-11 AND 2011-12

## Grant No. 38 - Department of Expenditure

| Sl No                  | Description               | (₹ In Crore) |              |              |               |              |                                   |               |              |  |
|------------------------|---------------------------|--------------|--------------|--------------|---------------|--------------|-----------------------------------|---------------|--------------|--|
|                        |                           | 2009-10      |              | 2010-11      |               | 2011-12      |                                   |               |              |  |
|                        |                           | BE           | RE           | BE           | RE            | BE           | RE                                |               |              |  |
| <b>Revenue Section</b> |                           |              |              |              |               |              | Actuals Upto Dec.11 (Provisional) |               |              |  |
| 1                      | Salaries                  | 40.19        | 39.93        | 39.29        | 37.51         | 36.76        | 40.14                             | 45.37         | 33.59        |  |
| 2                      | Wages                     | 0.00         | 0.00         | 0.00         | 0.00          | 0.00         | 0.00                              | 0.00          | 0.00         |  |
| 3                      | Overtime Allowance        | 0.18         | 0.15         | 0.15         | 0.17          | 0.16         | 0.17                              | 0.17          | 0.08         |  |
| 4                      | Medical Treatment         | 0.54         | 0.57         | 0.45         | 0.65          | 0.46         | 0.67                              | 0.73          | 0.39         |  |
| 5                      | Domestic Travel Expenses  | 0.80         | 0.70         | 0.63         | 0.81          | 0.68         | 0.92                              | 1.06          | 0.59         |  |
| 6                      | Foreign Travel Expenses   | 0.57         | 0.52         | 0.38         | 0.58          | 0.36         | 0.95                              | 0.94          | 0.52         |  |
| 7                      | Office Expenses           | 9.31         | 8.67         | 8.49         | 9.45          | 9.44         | 10.19                             | 12.41         | 7.58         |  |
| 8                      | Rent, Rates & Taxes       | 0.00         | 0.00         | 0.00         | 0.00          | 0.00         | 0.00                              | 0.00          | 0.00         |  |
| 9                      | Publication               | 0.23         | 0.21         | 0.01         | 0.44          | 0.42         | 0.25                              | 0.38          | 0.03         |  |
| 10                     | Other Admn. Expenses      | 12.38        | 18.30        | 17.23        | 46.32         | 28.50        | 36.39                             | 45.87         | 28.36        |  |
| 11                     | Advertising and Publicity | 0.00         | 0.02         | 0.00         | 0.01          | 0.01         | 0.01                              | 3.73          | 0.55         |  |
| 12                     | Minor Works               | 0.15         | 0.32         | 1.28         | 0.65          | 0.74         | 0.82                              | 1.42          | 0.18         |  |
| 13                     | Professional Services     | 1.03         | 1.63         | 1.58         | 1.57          | 1.57         | 1.65                              | 2.58          | 1.60         |  |
| 14                     | Grants-in-aid             | 5.00         | 3.20         | 3.20         | 3.71          | 3.71         | 4.40                              | 3.85          | 2.89         |  |
| 15                     | Contribution              | 0.01         | 0.02         | 0.01         | 0.01          | 0.01         | 0.01                              | 0.01          | 0.01         |  |
| 16                     | Infomation Technology     | 1.21         | 1.30         | 1.56         | 3.39          | 3.14         | 3.40                              | 8.94          | 1.94         |  |
|                        | <b>Total</b>              | <b>71.60</b> | <b>75.54</b> | <b>74.26</b> | <b>105.27</b> | <b>85.96</b> | <b>99.97</b>                      | <b>127.46</b> | <b>78.31</b> |  |
| <b>Capital Section</b> |                           |              |              |              |               |              |                                   |               |              |  |
| 17                     | Major Works               | 6.40         | 6.40         | 3.20         | 7.20          | 7.20         | 2.00                              | 1.03          | 0.00         |  |
|                        | <b>Grand Total</b>        | <b>78.00</b> | <b>81.94</b> | <b>77.46</b> | <b>112.47</b> | <b>93.16</b> | <b>101.97</b>                     | <b>128.49</b> | <b>78.31</b> |  |

## NATIONAL INSTITUTE OF FINANCIAL MANAGEMENT: REVIEW OF PERFORMANCE

### OBJECTIVES

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.

### PERFORMANCE

The Institute is functional since January, 1994 and has been conducting the following programmes:

#### **Professional Training Course:**

So far eighteen batches of probationers of various Accounts, Audit and Finance Services have been successfully trained for 44 weeks training course. The 19<sup>th</sup> batch of probationers has commenced from 2<sup>nd</sup> January, 2012 in which 50 probationers (approx.) will be joining.

#### **Management Development Programmes:**

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 2011-12, the focus of Management Development Programmes (MDPs) is in the following areas:

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

#### **Post Graduate Diploma in Management (Financial Management):**

The NIFM has been conducting Post Graduate Diploma in Management (Financial Management) since year 2002. The present batch of PGDM (FM) commenced in May, 2011 in which 39 candidates have joined from various Central/State and PSUs. The new batch of PGDM (FM) shall be starting in May, 2011 where in target is of 50 candidates.

#### **Diploma in Govt. Accounting & Internal Audit:**

The Diploma in Accounting & Internal Audit Program for one year is to upgrade the technical skills of officers of the organized Accounts services of the Union Government. The Course is designed to equip the newly recruited officers for taking up higher responsibilities in the field of Public Financial Administration. The present batch of DGA&IA commenced from in May, 2011 in which 36 participants have joined. The new batch of DGA&IA shall be starting from May/June, 2012 with a target of 35 participants.

#### **Fellow Program in Management:**

This is an open program to pursue research work to produce competent researchers, teachers and consultants. The program is duly approved by AICTE. The third batch of the programme commenced from in May, 2011 with 5 participants.

#### **Executive Programme in Capital Market with BSE**

The NIFM in collaboration with BSE has launched one year Weekend Executive Programme, which focuses in developing trained professionals capable of occupying positions of responsibility in stock exchanges, commodity exchanges, regulatory bodies, market intermediaries, banks, mutual funds and asset management companies and other similar entities covering all financial markets like cash equity, equity derivatives, currency derivatives, commodities and foreign exchanges. The third batch of the programme commenced in March, 2011 with 12 participants. The next batch of the programme will commence in March, 2012.

#### **Consultancy Projects:**

During the year 2011-12, a consultancy projects has been awarded to NIFM. The consultancy projects awarded/ in progress during the year were as under:-

- i. Study of unaccounted income/ wealth inside and outside India.
- ii. A study on Central Autonomous Bodies.

**Financial Statement**The income & Expenditure Accounts as on 31<sup>st</sup> March, 2011 are as under:

(Amount in ₹ `)

| <b>Income</b>   | <b>31.03.2011</b>                     | <b>31.03.2010</b>                     |
|---|---------------------------------------|---------------------------------------|
| Income from Services  | 9,28,16,567                           | 8,78,96,779                           |
| Grant   | 1,40,00,000                           | 1,40,00,000                           |
| Interest Earned   | 61,62,604                             | 89,91,311                             |
| Other Income  | 14,89,501                             | 17,34,486                             |
| <b>Total(A)</b>   | <b>11,44,68,672</b>                   | <b>11,26,22,576</b>                   |
| <b>Expenditure</b>  |                                       |                                       |
| Establishment Expenses  | 3,46,17,311                           | 3,41,81,881                           |
| Other Administrative Expenses   | 5,99,08,731                           | 6,08,68,382                           |
| Depreciation  | 94,37,855                             | 93,06,251                             |
| <b>Total(B)</b>   | <b>10,39,63,897</b>                   | <b>10,43,56,514</b>                   |
| <b>Balance being Surplus/Deficit of<br/>Income over Expenditure (A-B)</b>   | <b>1,05,04,775</b>                    | <b>82,66,062</b>                      |
| Less: Prior Period adjustments(Net)   |                                       |                                       |
| Add: Amount transferred from Capital<br>asset Fund Representing depreciation<br>(for the year) on Assets acquired out<br>of Govt. Grant | <b>(2,10,412)</b><br><b>31,41,177</b> | <b>(7,54,824)</b><br><b>31,56,219</b> |
| <b>Balance being Surplus/Deficit carried<br/>over to Balance-Sheet</b>  | <b>1,34,35,540</b>                    | <b>1,06,67,457</b>                    |

## DEPARTMENT OF REVENUE

### INTRODUCTION

1. The Department of Revenue exercises controls in respect of matters relating to all the Direct and Indirect Taxes through two statutory Boards, namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC). A Chairman who is also ex-officio Special Secretary to the Government of India heads each Board. Matters relating to the levy and collection of all the Direct Taxes are looked after by CBDT, whereas those relating to levy and collection of customs and central excise duties and service tax fall within the purview of CBEC. The two Boards were constituted under the Central Board of Revenue Act, 1963. CBDT has six Members and CBEC has six Members. The Members are also ex-officio Special Secretaries to the Government of India.
2. The Department of Revenue is mainly responsible for the following functions:-
  - All matters relating to levy and collection of Direct Taxes.
  - All matters relating to levy and collection of Indirect Taxes.
  - Investigation into economic offences and enforcement of economic laws.
  - Framing of policy for cultivation, processing, export and fixation of price of Opium etc.
  - Prevention and combating abuse of Narcotic drugs and psychotropic substances and illicit traffic therein.
  - Enforcement of FEMA and recommendation of detention under COFEPOSA.
  - Work relating to forfeiture of property under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 and Narcotics Drugs and Psychotropic Substances Act, 1985.
  - Levy of Taxes on sales in the course of inter-state trade or commerce.
  - Matters relating to consolidation/reduction/exemption from payment of Stamp duty under Indian Stamp Act, 1899.
  - Residual work of Gold Control.
3. The Department of Revenue administers the following Acts:-
  - Income Tax Act, 1961;
  - Wealth Tax Act, 1958;
  - Expenditure Tax Act, 1987; \*
  - Benami Transactions (Prohibition) Act, 1988;
  - Super Profits Act, 1963;\*
  - Companies (Profits) Sur-tax Act, 1964;\*
  - Compulsory Deposit (Income Tax Payers) Scheme Act, 1974;\*
  - Chapter VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax);
  - Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax);
  - Chapter V of Finance Act, 1994 (Relating to Service Tax);
  - Central Excise Act, 1944 and related matters;
  - Customs Act, 1962 and related matters;
  - Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
  - Central Sales Tax Act, 1956;
  - Narcotic Drugs and Psychotropic Substances Act, 1985;
  - Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;
  - Smugglers and Foreign Exchange Manipulators (SAFEM) (Forfeiture of Property) Act, 1976;
  - Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);
  - Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
  - Foreign Exchange Management Act, 1999; and
  - Prevention of Money Laundering Act, 2002.

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

4. The department looks after the matters relating to above mentioned Acts through divisions and attached/subordinate offices whose functions are as follows :-

■ **Central Board of Direct Taxes:**

All matters relating to levy and collection of direct taxes.

■ **Central Board of Excise and Customs:**

All matters relating to levy and collection of indirect taxes.

■ **States Taxes 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 licensing policy for cultivation of Opium poppy, production of opium and export and pricing of opium & alkaloids. Coordination of the working of Committee of Management and issues relating to UN and International Organizations.

■ **Committee of Management:**

Administering the departmental undertakings viz. Govt. Opium and Alkaloid work Neemuch (M.P.) and Ghazipur (U.P.) 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.

■ **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.

■ **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 its constituent units & field formations under CBDT & CBEC. Deals with expenditure and financial proposals. Prepares & examines expenditure budget for grants relating to Department of Revenue, Direct Taxes & Indirect Taxes.

■ **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. Another Appellate Tribunal under Section 25 of The Prevention of Money Laundering Act (PMLA) has also been notified to hear appeals against the orders of Adjudicating Authority and the Authorities under the said Act.

■ **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 assessee under the Customs Act and Central Excise Act.

■ **Settlement Commission (IT/WT):**

Settlement of applications filed by the assessee 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 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. Powers have also been conferred on the Director of Enforcement under the relevant provisions of the Prevention of Money Laundering Act, 2002.

■ **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. Powers have been conferred on the Director, Financial Intelligence Unit-India under the relevant provision of Prevention of Money Laundering Act, 2002

■ **Adjudicating Authority under PMLA:**

To exercise jurisdiction, powers and authority conferred by or under the Prevention of Money Laundering Act, 2002. The Authority is empowered to confirm the provisional attachment after hearing the aggrieved parties to ensure that property is not disposed-off during the pendency of trial for scheduled offence or offence of money laundering.

■ **Income Tax Ombudsman:**

Income Tax Ombudsmen have been posted in seven cities to look into taxpayers' grievances.

■ **Indirect Tax Ombudsman:**

The process of appointment of Indirect Tax Ombudsman in seven cities to resolve the complaints relating to public grievances against the Customs, Central Excise and Service Tax Department is under process.

## 5. DIRECT TAXES

The Central Board of Direct Taxes (CBDT) is the apex body entrusted with the responsibility of administering direct tax laws in India, viz. income tax, wealth tax, banking cash transaction tax, securities transaction tax etc. The CBDT consists of a Chairman and six Members and is the cadre controlling authority for the Income Tax Department. In its functioning, the CBDT is also assisted by the following attached offices in Delhi:

- (i) Directorate General of Income Tax (Administration)
  - (a) Directorate of Income Tax (Public Relations, Printing, Publication and Official Languages)
  - (b) Directorate of Income Tax (Recovery)
  - (c) Directorate of Income Tax (Income Tax & Audit)

- (ii) Directorate General of Income Tax (Systems)
- (iii) Directorate General of Income Tax (Legal & Research)
- (iv) Directorate of Income Tax (Organization & Management Services)
- (v) Directorate of Income Tax (Infrastructure)
- (vi) Directorate of Income Tax (Business Process Re-engineering)
- (vii) Directorate of Income Tax (Expenditure Budget)
- (viii) Directorate of Income Tax (Human Resource Development)
- (ix) Directorate General of Income Tax (Exemption)
- (x) Directorate General of Income Tax (International Taxation & Transfer Pricing)
- (xi) Directorate of Income Tax (Intelligence and Criminal Investigation)

Various Chief Commissioners of Income Tax, stationed all over the country, supervise collection of direct taxes and provide taxpayer services. Directors General of Income Tax (Investigation) supervises the investigation machinery, with the aim to curb tax evasion and unearth 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. The Principal Chief Controller of Accounts, CBDT with the assistance of the local Pay & Accounts Officers is responsible for accounting the revenue collections as well as expenditure incurred by the Department.

## 6. INDIRECT TAXES

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' Zones for Central Excise and Service Tax, 11 Chief Commissioners' Zones for Customs, 12 Directorates General, 6 Directorates, & a Chief Departmental Representative's setup for Customs, Excise and Service Tax Appellate Tribunal. 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.

## 7. Department of Revenue has three Demands for Grants:

**Demand No. 41 –Department of Revenue**

**Demand No. 42 —Direct Taxes and**

**Demand No. 43 –Indirect Taxes.**

## STATEMENT OF OUTLAY AND OUTCOME 2012-13

| S. No. | Name of the Scheme/<br>Programme  | Objective/<br>Outcome   | Outlay 2012-13<br>(₹ In Crore) |       | Physical Outputs/<br>Quantifiable<br>Deliverables   | Projected<br>Outcomes   | Processes/<br>Timelines  | Remarks/<br>Risk<br>Factors   |
|--------|---|---|--------------------------------|-------|---|---|--|---|
|        |   |   | Non-Plan                       | Plan  |   |   |  |   |
| 1      | 2   | 3   | 4                              | 5     | 6   | 7   | 8  |   |
|        |   |   | 4(i)                           | 4(ii) |   |   |  |   |
| 1.     | <b>Major Head - 2052 Implementation of VAT Scheme</b><br>(The Budget provision is for VAT related computerization in NE States and Sikkim and for other VAT related Expenditure)  | Setting up Modern VAT Administration System in NE States & Sikkim as also facilitating similar action in other States.                            | 0.19                           | ...   | Computerization of VAT administration in NE States of Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura and Sikkim. Meghalaya also has recently requested for some assistance under the project. | Effective implementation and administration of VAT funded through MMP-CT Project.   | The Project has ended on 31 <sup>st</sup> March, 2011. The States under this Scheme are now being implemented through MMP-CT Project.                                    |   |
| 2.     | <b>Major Head -2052 Setting up of Tax Information Exchange System etc.</b><br>(The Budget provision is for grant-in-aid to Empowered Committee (EC) for implementing TINXSYS Project, J&K & HP and for administrative expenditure)                                  | Effective tracking of inter - State transactions through TINXSYS and smooth functioning of the EC and computerization of VAT admn. of HP and J&K. | 10.51                          | ...   | Implementation of inter-State transactions, model through a Service Provider. The project has been extended up to March, 2013. revenue leakage.   | Effective tracking of inter-State transactions, model through a Service Provider. The project has been extended up to March, 2013. revenue leakage. | The TINXSYS Project is being implemented by EC on BOOT transactions, model through a Service Provider. The project has been extended up to March, 2013. revenue leakage. |   |
| 3.     | <b>Major Head -3601/3602 Compensation to States/UTs for revenue losses due to implementation of VAT and other VAT related expenditure</b><br>(The Budget Provision is for providing grant-in-aid to States/UTs for (i) VAT compensation, and (ii) other VAT related | Smooth and effective implementation of State VAT.   | (i)81.00                       | ...   | VAT Computerization in Modern Administration in J&K and HP.   | Smooth and effective implementation of State VAT  | VAT Computerization in J&K and HP are approved and are expected to be completed by December, 2012.   | As per agreed formula, VAT Compensation was to be provided for 2005-06 (100% of revenue loss), 2006-07 (75% of revenue loss) and 2007-08 (50% of revenue loss). Claims of all the States have already been settled. |



| 1  | 2                      | 3            | 4  | 5   | 6   | 7   | 8 |
|--|------------------------|--------------|--|---|---|---|---|
| <p>expenditure and setting up/ upgradation of two Institutes for taxation studies in States/UTs)</p>   | <p>4(i) (ii)119.00</p> | <p>4(ii)</p> | <p>... Modernization of State Tax Administration Including setting up/ upgradation of two Institutes for Taxation Studies in States/UTs.</p> | <p>Projects of States/UTs under Mission Mode Project for computerization of Commercial Taxes administration have already been sanctioned to facilitate improvement of service delivery and efficiency of State VAT administrations. Further grants will be released to the States for implementation of these projects.</p>   | <p>The proposal for upgradation of CTS into a National Institute of Public Finance has been approved and funds released to the State Govt. The proposal for setting up of a National Endowment Centre for training and research in Public Finance in the Centre for Studies in Social Sciences, Kolkata has also been approved and funds released to these Centres.</p> | <p>and CST was planned to be phased out in three years time with effect from 1.4.2007. Rate of implementation of CST was reduced from 4% to 3% in 2007-08 and to 2% in 2008-09. As per agreed formula, CST compensation was to be provided to the States till 2009-10 and GST was to be introduced w.e.f. 1.4.2010. Since GST has not yet been introduced, it has been decided to provide compensation to the States for the year 2010-11 also.</p> |   |
| <p>4. Major Head -3601/ Grants-in-aid to States/ UTs for revenue losses due to compensation to phasing out of Central Sales Tax (CST).<br/>(The Budget Provision is for providing grant-in-aid to States/ UTs for CST compensation.)</p> | <p>300.00</p>          | <p>...</p>   | <p>Implementation by all States/UTs. phasing out of CST</p>  | <p>and CST was planned to be phased out in three years time with effect from 1.4.2007. Rate of implementation of CST was reduced from 4% to 3% in 2007-08 and to 2% in 2008-09. As per agreed formula, CST compensation was to be provided to the States till 2009-10 and GST was to be introduced w.e.f. 1.4.2010. Since GST has not yet been introduced, it has been decided to provide compensation to the States for the year 2010-11 also.</p> |   |   |   |

| 1  | 2                                      | 3  | 4                     | 5  | 6                          | 7  | 8   |
|----|--|--|-----------------------|--|----------------------------|--|---|
| 5. | Major Head 2875 Opium & Alkaloid Works | The Govt. Opium & Alkaloid Factories in Ghazipur and Neemuch are two departmental undertakings functioning under the Department of Revenue. Each of these undertakings has two separate units viz. Opium Factory and Alkaloid Plant. The Opium Factories are engaged in catering to the demand of opium and the major portion of raw opium received from the field is exported | 4(i) 380.19 ... 4(ii) | Procurement of 1100 MTs of raw opium<br>Procurement of 50 MTs of Codeine Phosphate (Imported)<br>Export of Opium(495 MT) and Sale of Alkaloids (80.25 MT). These will result into revenue receipts of Rs.366.73 crore. | Revenue of Rs.366.73 crore | The progress of realization of expenditure will be reviewed monthly/quarterly. | The revenue realization and expenditure incurred depends upon a number of factors like demand of Indian opium in the international market, fluctuation in rate of foreign exchange, production of alkaloids, quantity of opium for procurement etc. |

### Reform Measures and Policy initiatives

#### Implementation of Value Added Tax (VAT) Scheme

1. Introduction of State VAT is the most significant tax reform measure taken at State level in recent times. The decision to implement State VAT was taken in the meeting of the Empowered Committee of State Finance Ministers (EC) held on 18.06.2004, where a broad consensus was arrived at amongst the States to introduce VAT w.e.f. 01.04.2005. Accordingly, VAT has been introduced by all States/UTs except the Union Territories of Andaman & Nicobar Islands and Lakshadweep which do not have Sales Tax/ VAT.

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 are as follows:

- a) A package for payment of compensation to States for any revenue loss on account of introduction of VAT has been implemented.
- b) Technical and financial support is being provided to North Eastern/Special-category States to enable them to take up VAT computerization.
- c) Financial support has been provided to the Empowered Committee as well as the States for undertaking VAT related publicity and awareness campaigns.
- d) 50% funding is being provided to the Empowered Committee of State Finance Ministers for implementation of the TINXSYS (Tax Information Exchange System) Project for tracking of inter-state transactions.

An amount of ₹ 19002.82 crore has been paid as compensation related to loss because of introduction of VAT to the States/UTs up to 31<sup>st</sup> December 2011.

The Budget provision for 2012-13 for various VAT related schemes has also been proposed in the context of the role of the Central Government as facilitator in implementation of State level VAT.

#### Phasing Out of Central Sales Tax

This is a logical corollary of State VAT implementation. The Central Sales Tax, being a non-rebatable origin-based tax, is inconsistent with VAT and needs to be phased out. The phasing out of CST is also extremely important in the context of the plan to introduce a unified national level Goods and Service Tax (GST). At the stage of discussions regarding phasing out of the CST, the States had insisted that they should be compensated for revenue loss on this account. A broad consensus had eventually been arrived at with the States for phasing out the CST over 3 years i.e. reducing it by 1% every year so as to abolish it by 31.3.2010. As part of this, the CST rate was reduced from 4% to 3% w.e.f. 01.04.2007 and further from 3% to 2% w.e.f. 1.6.2008.

A package of compensation to the States for revenue loss on account of phasing out of the CST has also been mutually agreed upon. Under this package, the States are being compensated through a combination of non-monetary and monetary measures. An amount of ₹ 30860.42 crore has been released to the States/UTs up to 31<sup>st</sup> December 2011 as CST compensation. For the financial year 2012-13, a provision of ₹ 300 crore has been proposed.

#### Mission Mode Project on Commercial Taxes

Under the National e-Governance Plan (NeGP) launched by the Department of Information Technology, the Department of Revenue is coordinating a Mission Mode Project (MMP) on 'Commercial Taxes', which is an important e-Governance initiative in the field of State taxes. The Union Cabinet in February 2010 approved Mission Mode Project for computerization of Commercial Taxes Administrations of State Governments under NeGP. This project, with an overall cost of ₹ 1133 crore, will help States to develop and upgrade the IT systems in their commercial taxes administrations. The focus of the project, on the one hand, is to provide improved set of services to the dealers and on the other, to improve the efficiency of the Commercial Taxes administrations of the State Governments. Under this project, Central and State Governments are required to share fund roughly in the ratio of 70:30. However, keeping the Special Category Status of North Eastern States, this ratio has been fixed at 90:10 (Central share: State Governments' share) whereas UTs without Legislature would be funded 100% by Central Government.

A Project Empowered Committee (PEC) under the chairmanship of Revenue Secretary was constituted for sanctioning of States' proposals of computerization of Commercial Taxes Departments. The PEC has approved the project proposals of all 33 States/UTs, having overall cost of ₹ 993.63 crore. An amount of ₹ 422.98 crore has been released to these States as part of Central share till 31<sup>st</sup> December, 2011.

In order to facilitate inter-state transactions, a Tax Information Exchange System (TINXSYS) has been put in place so that States can access information relating to issuance of Form-C and other inter-State sale related information. In this project, Central Government is funding 50% of the project cost while States collectively share the rest.

#### Goods & Service Tax (GST)

The proposal to introduce a national level Goods and Service Tax (GST) by April 1, 2010 was first mooted by then Finance Minister in his Budget Speech for the financial year 2006-07. Since the proposal involved reform/restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC) chaired by Dr. Asim K. Dasgupta, Finance Minister of West Bengal.

In April 2008, the Empowered Committee submitted a report to the Central Government titled “A Model and Roadmap for Goods & Service Tax (GST) in India” containing broad recommendations about the structure and design of GST. A dual GST model with one component being Central GST and another State GST has been proposed in this paper. In response to the report, the Department of Revenue made some suggestions to be incorporated in the design and structure of the proposed GST.

Based on inputs from Department of Revenue, Government of India and States, the EC released its ‘First Discussion Paper on Goods & Service Tax in India’ on 10<sup>th</sup> November, 2009 at New Delhi. This Discussion Paper was released with the objective of generating a debate and obtaining inputs from all stakeholders – taxpayers, including industry, trade and agriculture as also consumers. Department of Revenue has also sent its response on the said paper to EC.

A Bill to further amend the Constitution to enable introduction of Goods and Services Tax (GST) has been introduced in the Lok Sabha on 22.3.2011. The Bill has now been referred to the Standing Committee on Finance by Lok Sabha Secretariat for examination and report thereon.

The Bill envisages setting up of the GST Council headed by the Union Finance Minister having one Minister from each of the States. This Council is supposed to discuss and recommend key GST parameters like threshold, exemptions, rates of tax etc. to Central and State Governments. Centre and States are expected to follow the recommendations made. The Bill also envisages creation of a GST Dispute Settlement Authority, which may be approached by any State or Centre, if such State or Centre is affected adversely by any action of a State or Centre, as the case may be, arising because of deviation from the recommendations made by the GST Council. Efforts are being made to develop consensus so that the Constitutional Amendment Bill could be finalized and could be introduced in the Parliament at the earliest. After such a Bill is passed by the Parliament, it will require ratification by at least 50% of the States before it becomes law of the land.

Three Sub-Working Groups of Officers have been constituted by the Department to work on various important elements of GST. One Sub-working group is working on finalization of the process regarding registration, return, payment etc., to be followed in GST regime. The second Sub-working group is working on drafting Central GST and Model State GST Legislation. Third Sub-working group is trying to finalize IT infrastructure related issues concerning GST. An Empowered Group for development of required IT systems for GST regime has been set up under the chairmanship of Dr. Nandan Nilekani. A Strategy Paper has been brought out by this Empowered Group, which has also been approved by the Empowered Committee of State Finance Ministers.

#### **Support for upgradation to National level Institute of Public Finance & Policy**

Govt. had decided to provide financial assistance for upgradation of Centre for Taxation Studies, Thiruvananthapuram as the Centre of Excellence and setting up a new similar Regional Centre in Eastern India.

The proposal for upgradation of Centre for Taxation Studies into Gulati Institute of Finance & Taxation (GIFT) at a total cost of ₹ 33.13 crore has already been approved by the Government. Department of Revenue agreed to provide grant-in-aid to the extent of ₹ 23.63 crore out of this. A Tripartite Memorandum of Understanding has also been signed between the Centre and State Government and the Institute and an amount of ₹ 14 crore, as Central share of assistance, has been released to the Institute till December, 2011.

A proposal for providing funds to the Centre for Social Science and Studies, Kolkata for creating a corpus and running identified set of activities has been approved by the Government. A Memorandum of Understanding has been signed between the Central Government and Director, CSSS, Kolkata and ₹ 14 crore have been released to the Government of West Bengal for this purpose till December 2011.

#### **Financial Intelligence Unit – India (FIU-IND)**

The Financial Intelligence Network project (FINnet) is being implemented by FIU-IND involving a total cost of ₹ 60.01 crore. The total project timeframe is 5 years wherein the timeline for validation and acceptance of the complete solution is two years from the effective date of contract. The Project is likely to be completed by February, 2012.

#### **Monitoring Mechanism for Outcome Budget**

A system of monthly report by Administrative and Coordinating Units of respective items under Outcome Budget has been introduced. Monthly and Quarterly review of trends of expenditure and progress under Outcome Budget is done at the Department/Ministry level. Project Monitoring/Implementation Committee have been established to review the implementation of major project items. For coordinated efforts and faster decision making in massive computerization endeavors of CBDT & CBEC, an Empowered Committee is also functional where eminent experts from Private Sector are also members.

#### **Government Opium & Alkaloid Works**

The Government Opium & Alkaloid Works (GOAWs) at Ghazipur (U.P.) and Neemuch (M.P.) are responsible for processing of raw opium for exports, manufacturing of opiate alkaloids and other related functions through its two factories at Ghazipur (U.P.) and Neemuch (M.P.) Some of the major reforms and initiatives undertaken by GOAWs are as follows –

- a) A Project at National Botanical Research Institute, Lucknow is being undertaken for development of high yielding varieties of opium poppy and installation of climate control chamber. The objective of this project is to commercially develop and cultivate those varieties of opium poppy which would have a higher alkaloid content to facilitate production of higher quantities of alkaloids. This may lead to increase in revenue receipts and lesser dependence on imports. This may also lead to increased compensation/income for opium cultivators.
- b) A Committee has been constituted to identify the roadmap for cultivation of opium poppy for production of Concentrate Poppy Straw (CPS).

DEMAND WISE STATUS OF VARIOUS NON-PLAN SCHEMES AS ON 31<sup>st</sup> December, 2011

| S. No. | Name of the Scheme/<br>Programme   | Objective/<br>Outcome  | Outlay 2011-12<br>(₹ In Crore)<br>B.E. R.E. | Quantifiable<br>Deliverables | Processes/<br>Timelines  | Status as on<br>31 <sup>st</sup> December, 2011   |
|--------|--|--|---|------------------------------|--|---|
| 1      | 2  | 3  | 4   | 5                            | 6  | 7   |
| 1      | <b>Major Head 2052<br/>Implementation of VAT<br/>Scheme</b>                            | Setting up of Modern<br>VAT Administration<br>System in NE States<br>and Sikkim as also<br>facilitating similar<br>action in other States.                             | 1.79  | 1.60                         | Computerization of VAT<br>administration in NE States<br>of Arunachal Pradesh,<br>Manipur, Mizoram,<br>Nagaland, Tripura, Sikkim<br>and Meghalaya. | The initial phase of<br>implementation of the VAT<br>Project on Turnkey basis<br>has been completed.<br>States of Arunachal Pradesh,<br>Manipur, Mizoram, Tripura<br>and Sikkim and for other VAT<br>related expenditure. The VAT<br>computerization in Sikkim<br>has been undertaken by NIC<br>and in other NE states by TCS<br>(on turnkey basis). The initial<br>phase of implementation of<br>these Projects has been<br>completed. Expenditure of ` 6.21<br>crore was incurred in the year<br>2009-10 and ` 5.56 crore in<br>2010-11. The total expenditure so far starting from<br>2004-05 including operations<br>and maintenance expenditure is ` 38.09 crore. Presently, the focus is<br>on making the best use of the<br>facilities created under the Project, adding new<br>software applications to enhance<br>the usefulness of the Project. |
| 2      | <b>Major Head 2052<br/>Setting up of Tax Information<br/>Exchange System (TINXSYS)</b> | Effective tracking of<br>inter-State transactions through<br>TINXSYS and smooth functioning<br>of the Empowered Committee(EC) and<br>VAT computerization of HP and J&K | 11.08                                       | 10.87                        | Implementation of TINXSYS<br>Project for effective tracking of<br>inter-State transactions.  | The TINXSYS Project is being<br>implemented by EC with cost-sharing<br>between the Centre and the State<br>Governments on BOOT model through<br>Service Provider. The total outlay<br>of initial implementation to be ` 30<br>crores over 5 year period. The<br>Project is completed during 2009-10.<br>Implementation of TINXSYS is<br>progressing fairly well. The Project<br>has been reviewed and monitored by<br>the Service Provider for another<br>2 years, Empowered Committee (EC).<br>At the request of the EC, project<br>specific review/ monitoring meetings<br>are now being held under the joint<br>chairmanship   |

of Additional Secretary (Revenue) and Member-Secretary, EC. Extension of this project has been accorded up to 31.3.2013. An amount of ` 2.31 crore has been released to EC in FY 2010-11 and ` 1.16 crore up to December, 2011.

HP and J&K VAT computerization Project: Sanction for implementation of the project has been issued on 3.7.2009. EC is to implement the project.

An amount of ` 7 crore was released as Central share in 2009-2010. EC has signed the agreement with vendors selected. The work has been started in these two States. The website has been launched for both the States. Review meetings have been held at regular intervals. An amount of ` 2.99 crore was released in 2010-11 and no amount has been released in this financial year till December, 2011.

3 - **Major Head 3601/3602 Compensation to States/UTs for revenue loss due to introduction of VAT with a view to ensure VAT implementation of all States/UTs as well as for meeting other VAT related expenditure of States/UTs.**

|   |        |        |        |   |
|---|--------|--------|--------|---|
| Grant-in-aid to States for (i) VAT for revenue loss due to introduction of VAT with a view to ensure VAT implementation of all States/UTs as well as for meeting other VAT related expenditure of States/UTs. | 500.00 | 734.00 | 500.00 | To compensate States/UTs for revenue loss due to introduction of VAT with a view to ensure VAT implementation of all States/UTs as well as for meeting other VAT related expenditure of States/UTs. |
|---|--------|--------|--------|---|

Under this Scheme, grant-in-aid is released to States/ UTs for compensating them for revenue loss due to introduction of VAT. The total amount released so far is ` 19002.82 crore, out of which ` 2471.27 crore was released during 2005-06, ` 4092.13 crore during 2006-07, ` 3880.48 crore during 2007-08, ` 4361.95 crore during 2008-09, ` 3002 crore during 2009-10, ` 879.17 crore during 2010-11 and ` 315.82 crore in 2011-12 (till 31<sup>st</sup> December 2011). Claims of all States have been settled. Details of State-wise and year-wise releases and pending claims are given in Chapter-V.

Support for modernization of State VAT administration.

The Mission Mode Project for Commercial Taxation (MMP-CT) for modernization of State VAT Administrations was approved by the

| 1 | 2                           | 3                                  | 4        | 5       | 6   | 7   |
|---|-----------------------------|------------------------------------|----------|---------|---|---|
|   |                             |                                    |          |         |   | <p>Cabinet. Project proposals of 33 States/UTs have already been approved with overall cost of ` 1133 crore, of which Central share is about ` 800 crore. So far, an amount of ` 422.98 crore ( ` 145 crore in 2009-10 and ` 206.32 crore in 2010-11 and ` 71.66 crore in 2011-12) has been released as Central share.</p>  |
|   |                             |                                    |          |         |   | <p>The project proposal for financial assistance for upgradation of the Centre for Taxation Studies into Gulati Institute for Finance &amp; Taxation (GIFT) at a total cost of ` 23.63 crore has since been approved and two instalment of grant of ` 4 crore and ` 10 crore released to the Institute. MoU for upgradation of CTS, Kerala has been signed.</p>   |
|   |                             |                                    |          |         |   | <p>Another proposal to provide corpus fund to the Centre for Studies in Social Sciences, (CSSS) Kolkata has been approved. MOU has also been signed between the Central Govt and the Centre. An amount of ` 14 crore has been released to the Govt. of West Bengal for transferring it to the CSSS.</p>   |
| 4 | <b>Major Head 3601/3602</b> | Grant-in-aid to States/UTs for CST | 12000.00 | 4172.58 | To compensate States/UTs for revenue loss due to phasing out of CST | <p>Under this Scheme, grant-in-aid is released to States/ UTs for CST compensating them for revenue loss due to phasing out of CST. An amount of ` 30860.42 crore has been released to the State Govts till December 2011, which include an amount of ` 2168.88 crore released in 2007-08, ` 1950 crore in 2008-09, ` 8735.18 crore in 2009-10, ` 13833.78 crore in 2010-11 and ` 4172.58 crore in 2011-12 (till 31<sup>st</sup> December 2011). The formula on the basis of which claims for 2010-11 are</p> |

| 1 | 2  | 3  | 4      | 5  | 6  | 7  |
|---|--|--|--------|--|--|--|
| 5 | <b>Major Head 2875<br/>Government Opium<br/>Alkaloid Works</b> | To cater the demand<br>& of opium and<br>alkaloids for<br>domestic<br>consumption as well<br>as international<br>market. | 364.08 | 449.62   | The progress of revenue realization vis-à-vis of opium and 37 MTs of Codeine expenditure was to be reviewed monthly/quarterly. | to be finally settled is yet to be worked out. Details of State-wise and year-wise releases and pending claims are given in Chapter-V.   |
|   |  |  |        | Procurement of Opium (796 MTs)                           | The progress of revenue realization vis-à-vis of opium and 37 MTs of Codeine expenditure was to be reviewed monthly/quarterly. | Against the projected quantity, 796 MTs of opium and 37 MTs of Codeine have been procured till December 2011. The opium export has been 269 MTs up to December, 2011 against the targeted export of 498 MTs. The sale of Alkaloids has been 69 MTs against the target of 97 MTs. |
|   |  |  |        | Export of Opium (498 MTs) and Sale of alkaloids (97 MTs) |  | Revenue Receipts in 2011-12 (up to December 2011) have been ₹ 289.40 crore against projected revenue receipt of ₹ 432.47 crore at RE stage. The expenditure up to December, 2011 on Govt. Opium & Alkaloid Works is ₹ 309.77 crore.  |
|   |  |  |        | This will result into revenue receipt of ₹ 432.47 crore. |  |  |









|                                | 2009-10        |                 |                 | 2010-11         |                 |                 | 2011-12         |                |                     |
|--------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|---------------------|
|                                | B.E.           | R.E.            | Actual Expend.  | B.E.            | R.E.            | Actual Expend.  | B.E.            | R.E.           | Actual Exp. (Prov.) |
| Secret Service Expenditure     | 1.94           | 1.56            | 1.45            | 1.92            | 1.90            | 1.68            | 2.18            | 2.25           | 1.35                |
| Interest on Capital            | 11.68          | 12.83           | 10.93           | 12.41           | 11.21           | 8.41            | 11.2            | 11.36          | 0.00                |
| Other Charges                  |                |                 |                 |                 |                 |                 |                 |                |                     |
| <i>Charged</i>                 | 0.02           | 0.02            | 0.00            | 0.02            | 0.02            | 0.00            | 0.02            | 0.02           | 0.00                |
| <i>Voted</i>                   | 17.02          | 9.75            | 7.25            | 21.76           | 7.42            | 7.02            | 3.25            | 2.69           | 2.00                |
| Machinery & Equipment          | 0.04           | 0.03            | 0.03            | 0.04            | 0.04            | 0.04            | 0.04            | 0.04           | 0.00                |
| Inter Account Transfer         | 40.77          | 57.45           | 55.33           | 56.3            | 55.15           | 46.29           | 48.69           | 42.41          | 0.00                |
| Information Technology         | 15.17          | 7.88            | 4.56            | 24.12           | 18.11           | 16.55           | 21.33           | 19.47          | 0.00                |
| <b>Total - Revenue Section</b> | <b>9645.56</b> | <b>12402.93</b> | <b>12347.27</b> | <b>11122.12</b> | <b>15481.94</b> | <b>15448.78</b> | <b>13339.01</b> | <b>5377.08</b> | <b>5033.54</b>      |
| <i>Charged</i>                 | 0.02           | 0.02            | 0.00            | 0.02            | 0.02            | 0.00            | 0.02            | 0.02           | 0.00                |
| <i>Voted</i>                   | 9645.54        | 12402.91        | 12347.27        | 11122.10        | 15481.92        | 15448.78        | 13338.99        | 5377.06        | 5033.54             |
| <b>Capital Section</b>         |                |                 |                 |                 |                 |                 |                 |                |                     |
| Machinery & Equipment          | 1.88           | 1.21            | 1.08            | 0.37            | 1.37            | 0.05            | 0.69            | 0.65           | 0.39                |
| Major Works                    | 0.43           | 0.43            | 0.39            | 0.40            | 26.40           | 24.97           | 10.15           | 5.05           | 1.02                |
| Investment                     | 0.00           | 0.00            | 0.00            | 0.00            | 0.10            | 0.10            | 7.05            | 0.01           | 0.01                |
| <b>Total - Capital Section</b> | <b>2.31</b>    | <b>1.64</b>     | <b>1.47</b>     | <b>0.77</b>     | <b>27.87</b>    | <b>25.12</b>    | <b>17.89</b>    | <b>5.71</b>    | <b>1.42</b>         |
| <b>Grand Total</b>             | <b>9647.87</b> | <b>12404.57</b> | <b>12348.74</b> | <b>11122.89</b> | <b>15509.81</b> | <b>15473.90</b> | <b>13356.90</b> | <b>5382.79</b> | <b>5034.96</b>      |
| <i>Charged</i>                 | 0.02           | 0.00            | 0.00            | 0.02            | 0.02            | 0.00            | 0.02            | 0.02           | 0.00                |
| <i>Voted</i>                   | 9647.85        | 12404.57        | 12348.74        | 11122.87        | 15509.79        | 15473.90        | 13356.88        | 5382.77        | 5034.96             |

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

The position of expenditure in three years in respect of Demand No.41 – Department of Revenue has been, in nut-shell, as under:-

|   | 2009-10        |                 | 2010-11         |                 | 2011-12         |                 |                 |                |                |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
|   | B.E.           | R.E.            | Actuals         | B.E.            | R.E.            | Actuals         |                 |                |                |
| VAT* - MH2052                           | 34.65          | 21.29           | 14.21           | 35.84           | 18.77           | 11.71           | 12.87           | 12.47          | 2.70           |
| VAT/CST** - 3601/3602                   | 9021.50        | 11887.18        | 11886.18        | 10401.00        | 14884.95        | 14925.74        | 12734.00        | 4672.58        | 4577.59        |
| Non-VAT/CST                             | 591.72         | 496.10          | 448.35          | 686.05          | 606.09          | 536.45          | 610.03          | 697.74         | 454.67         |
| <b>Total</b>                            | <b>9647.87</b> | <b>12404.57</b> | <b>12348.74</b> | <b>11122.89</b> | <b>15509.81</b> | <b>15473.90</b> | <b>13356.90</b> | <b>5382.79</b> | <b>5034.96</b> |
| Non-VAT/CST                             | 591.72         | 496.10          | 448.35          | 686.05          | 606.09          | 536.45          | 610.03          | 697.74         | 454.67         |
| CCF(GOAWs)                              |                |                 |                 |                 |                 |                 |                 |                |                |
| 2875                                    | 355.32         | 283.27          | 247.71          | 477.44          | 350.32          | 301.82          | 364.08          | 449.62         | 309.77         |
| 4875                                    | 2.31           | 1.64            | 1.47            | 0.77            | 1.77            | 0.17            | 0.84            | 0.70           | 0.41           |
| Others *** – Non-VAT/CST and Non –GOAWs | 234.09         | 211.19          | 199.17          | 207.84          | 254.00          | 234.46          | 245.11          | 247.42         | 144.49         |
| Total –Salary                           | 172.95         | 166.88          | 160.43          | 143.45          | 150.46          | 150.22          | 152.44          | 158.87         | 116.23         |
| Non-Salary                              | 9474.92        | 12237.69        | 12188.31        | 10979.44        | 15359.35        | 15323.68        | 13204.46        | 5223.92        | 4918.73        |

\* The budget provision is for Implementation of VAT Scheme and TINSXYS Project and grants to Empowered Committee of State Finance Ministers for its establishment expenditure.

\*\* The budget provision is for Compensation to States/UTs for revenue loss due to Introduction of VAT and phasing out of CST & VAT related expenditure.

\*\*\* The budget provision is for establishment related expenditure on various constituents of the Department of Revenue including Central Bureau of Narcotics.

### Trends in Expenditure

Salary expenditure decreased in 2010-11 by 6.36% over 2009-10 as no arrears were paid during 2010-11 for implementation of the recommendations of the 6<sup>th</sup> Central Pay Commission whereas non-salary expenditure increased by 25.72% during the same period mainly on account of VAT/CST related expenditure. During 2010-11, the VAT/CST related expenditure & grants to States towards VAT/CST compensation constituted the major portion of expenditure i.e. 96.46% of total expenditure under Grant No.41 – Department of Revenue. In 2011-12, CST Compensation of ` 4172.58 crores has been released to various State Governments till 31<sup>st</sup> December 2011 whereas an amount of ` 387.48 crore has been released towards VAT and VAT related expenditure till 31<sup>st</sup> December 2011. Thus, up to 31<sup>st</sup> December 2011, total VAT Compensation of ` 19002.82 crore has been provided to State Governments and CST Compensation amounting to ` 30,860.42 crore has been provided, as detailed below:

| <b>VAT Compensation</b> |                          | <b>(₹ in crore)</b>          |                              |                              |                              |                              |                              |                              |                    |   |  |
|-------------------------|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------|---|--|
| Sr. No.                 | Name of State Government | Compensation paid in 2005-06 | Compensation paid in 2006-07 | Compensation paid in 2007-08 | Compensation paid in 2008-09 | Compensation paid in 2009-10 | Compensation paid in 2010-11 | Compensation paid in 2011-12 | Total Compensation | Pending claims as on 31 <sup>st</sup> Dec, 11 |  |
| 1.                      | Andhra Pradesh           | 404.06                       | 0.00                         | 1.88                         | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 405.94             | 0.00  |  |
| 2.                      | Assam                    | 0.00                         | 0.00                         | 30.06                        | 38.73                        | 150.10                       | 78.12                        | 0.00                         | 297.01             | 0.00  |  |
| 3.                      | Bihar                    | 165.87                       | 78.23                        | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 244.10             | 0.00  |  |
| 4.                      | Chhattisgarh             | 0.00                         | 0.00                         | 75.00                        | 281.59                       | 31.91                        | 0.00                         | 0.00                         | 388.50             | 0.00  |  |
| 5.                      | Delhi                    | 0.00                         | 0.00                         | 0.00                         | 362.81                       | 855.07                       | 37.70                        | 0.00                         | 1255.58            | 0.00  |  |
| 6.                      | Haryana                  | 0.00                         | 0.00                         | 0.00                         | 27.84                        | 59.85                        | 0.00                         | 0.00                         | 87.69              | 0.00  |  |
| 7.                      | Jharkhand                | 0.00                         | 0.00                         | 0.00                         | 104.73                       | 86.45                        | 0.00                         | 0.00                         | 191.18             | 0.00  |  |
| 8.                      | Karnataka                | 1038.92                      | 625.36                       | 354.71                       | 369.05                       | 180.30                       | 0.00                         | 0.00                         | 2568.34            | 0.00  |  |
| 9.                      | Kerala                   | 456.47                       | 426.23                       | 123.19                       | 243.46                       | 0.00                         | 0.00                         | 0.00                         | 1249.35            | 0.00  |  |
| 10.                     | Madhya Pradesh           | 0.00                         | 0.00                         | 46.24                        | 0.00                         | 0.00                         | 40.74                        | 0.00                         | 86.98              | 0.00  |  |
| 11.                     | Maharashtra              | 259.89                       | 2814.72                      | 1203.83                      | 1895.00                      | 1475.00                      | 277.40                       | 261.33                       | 8187.17            | 0.00  |  |
| 12.                     | Meghalaya                | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 167.42                       | 0                            | 167.42             | 0.00  |  |
| 13.                     | Orissa                   | 0.00                         | 0.00                         | 0.00                         | 18.93                        | 163.32                       | 0.00                         | 0.00                         | 182.25             | 0.00  |  |
| 14.                     | Sikkim                   | 1.84                         | 4.03                         | 0.00                         | 0.00                         | 0.00                         | 10.92                        | 0.00                         | 16.79              | 0.00  |  |
| 15.                     | Tripura                  | 5.12                         | 3.81                         | 5.57                         | 19.81                        | 0.00                         | 0.00                         | 0.00                         | 34.31              | 0.00  |  |
| 16.                     | Tamil Nadu               | 0.00                         | 0.00                         | 2040.00                      | 1000.00                      | 0.00                         | 266.87                       | 54.49                        | 3362.36            | 0.00  |  |
| 17.                     | West Bengal              | 139.10                       | 139.75                       | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 0.00                         | 278.85             | 0.00  |  |
| <b>Total</b>            |                          | <b>2471.27</b>               | <b>4092.13</b>               | <b>3880.48</b>               | <b>4361.95</b>               | <b>3002.00</b>               | <b>879.17</b>                | <b>315.82</b>                | <b>19002.82</b>    | <b>0.00</b>                                   |  |

| <b>CST Compensation</b> |                                 | <b>(₹ in crore)</b>                 |                                     |                                     |                                     |                                     |                                |   |
|-------------------------|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------|---|
| <b>Sr. No.</b>          | <b>Name of State Government</b> | <b>Compensation paid in 2007-08</b> | <b>Compensation paid in 2008-09</b> | <b>Compensation paid in 2009-10</b> | <b>Compensation paid in 2010-11</b> | <b>Compensation paid in 2011-12</b> | <b>Total Compensation paid</b> | <b>Pending claims as on 31<sup>st</sup> Dec, 11</b> |
| 1.                      | Andhra Pradesh                  | 0                                   | 905.24                              | 1095.50                             | 2221.86                             | 986.09                              | 5208.69                        | 0   |
| 2.                      | Assam                           | 70.89                               | 0                                   | 228.79                              | 150.90                              | 34.99                               | 485.57                         | 0   |
| 3.                      | Chhattisgarh                    | 101.37                              | 48.64                               | 794.95                              | 682.97                              | 415.02                              | 2042.95                        | 0   |
| 4.                      | Delhi                           | 183.70                              | 154.76                              | 1052.00                             | 1622.80                             | 653.85                              | 3667.31                        | 0   |
| 5.                      | Gujarat                         | 338.14                              | 156.57                              | 796.04                              | 1787.84                             | 0.00                                | 3078.59                        | 0   |
| 6.                      | Haryana                         | 150.00                              | 400.00                              | 1177.12                             | 1597.90                             | 780.16                              | 4105.18                        | 0   |
| 7.                      | Jharkhand                       | 69.47                               | 35.55                               | 394.58                              | 511.76                              | 242.88                              | 1254.24                        | 0   |
| 8.                      | Karnataka                       | 350.00                              | 155.00                              | 710.30                              | 1333.87                             | 374.36                              | 2923.53                        | 0   |
| 9.                      | Orissa                          | 131.53                              | 5.49                                | 483.90                              | 543.99                              | 138.17                              | 1303.08                        | 0   |
| 10.                     | Punjab                          | 0                                   | 24.32                               | 9.95                                | 324.55                              | 0.00                                | 358.82                         | 0   |
| 11.                     | Rajasthan                       | 126.24                              | 18.56                               | 311.78                              | 421.39                              | 34.47                               | 912.44                         | 0   |
| 12.                     | Tamil Nadu                      | 647.54                              | 0                                   | 759.00                              | 1171.04                             | 58.92                               | 2636.50                        | 0   |
| 13.                     | Uttarakhand                     | 0                                   | 0                                   | 131.00                              | 235.10                              | 141.55                              | 507.65                         | 0   |
| 14.                     | West Bengal                     | 0                                   | 45.87                               | 464.77                              | 496.11                              | 190.14                              | 1196.89                        | 0   |
| 15.                     | Maharashtra                     | 0                                   | 0                                   | 123.00                              | 306.49                              | 29.86                               | 459.35                         | 0   |
| 16.                     | Madhya Pradesh                  | 0                                   | 0                                   | 110.96                              | 106.56                              | 0.00                                | 217.02                         | 0   |
| 17.                     | Nagaland                        | 0                                   | 0                                   | 4.43                                | 0                                   | 1.63                                | 6.06                           | 0   |
| 18.                     | Puducherry                      | 0                                   | 0                                   | 86.91                               | 199.78                              | 90.19                               | 376.88                         | 0   |
| 19.                     | Uttar Pradesh                   | 0                                   | 0                                   | 0                                   | 118.87                              | 0.00                                | 118.87                         | 0   |
| <b>Total</b>            |                                 | <b>2168.88</b>                      | <b>1950.00</b>                      | <b>8735.18</b>                      | <b>13833.78</b>                     | <b>4172.58</b>                      | <b>30860.42</b>                | <b>0</b>  |

The overall financial performance during 2008-09, 2009-10 and 2010-11 has been as under:-

| Scheme   | 2009-10        |                 |                 | 2010-11         |                 |                 | 2011-12         |                |                |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
|  | B.E.           | R.E.            | Actuals         | B.E.            | R.E.            | Actuals         | B.E.            | R.E.           | Actuals        |
| Implementation of VAT Scheme   | 8.00           | 8.00            | 5.71            | 20.00           | 5.97            | 5.91            | 1.79            | 1.60           | 1.54           |
| Setting up of Tax Information Exchange System etc.   | 26.65          | 13.29           | 8.50            | 15.84           | 12.80           | 5.80            | 11.08           | 10.87          | 1.16           |
| Compensation to States/UTs for revenue losses due to introduction of VAT and other VAT related expenditure | 3020.50        | 3152.00         | 3151.00         | 401.00          | 884.95          | 1091.96         | 734.00          | 500.00         | 405.01         |
| Compensation to State/UTs for revenue losses due to phasing out of CST                                     | 6001.00        | 8735.18         | 8735.18         | 10000.00        | 14000.00        | 13833.78        | 12000.00        | 4172.58        | 4172.58        |
| <b>Total</b>   | <b>9056.15</b> | <b>11908.47</b> | <b>11900.39</b> | <b>10436.84</b> | <b>14903.72</b> | <b>14937.45</b> | <b>12746.87</b> | <b>4685.05</b> | <b>4580.29</b> |

#### Government Opium and Alkaloid Works:

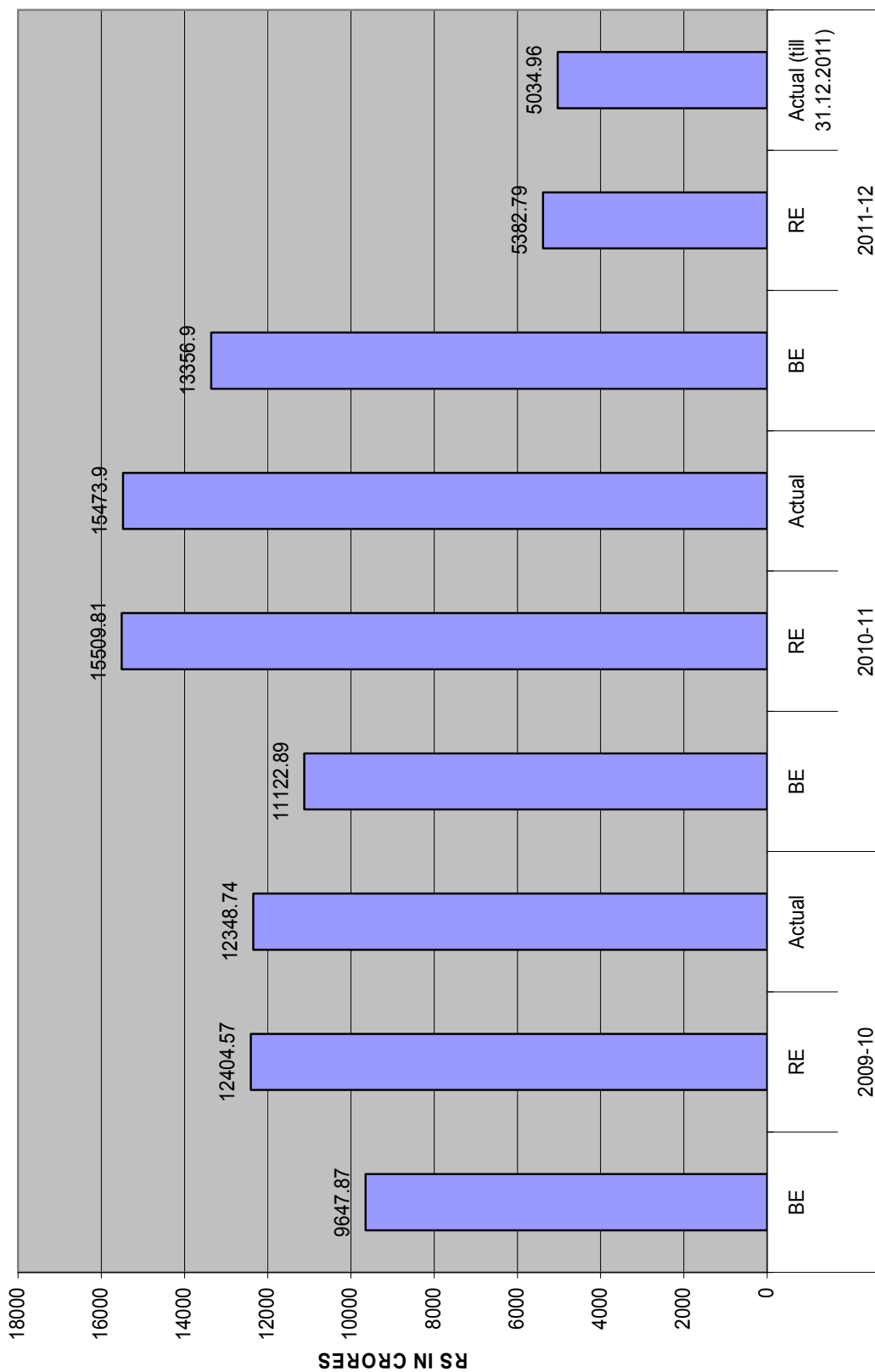
The position of actual expenditure in 2009-10, 2010-11 and 2011-12 on gross expenditure and revenue receipts has been as under:

|         | Expenditure |        |                  | Receipts |        |                  |
|---------|-------------|--------|------------------|----------|--------|------------------|
|         | B.E.        | R.E.   | Actuals          | B.E.     | R.E.   | Actuals          |
| 2009-10 | 355.32      | 283.27 | 247.71           | 300.97   | 300.97 | 299.86           |
| 2010-11 | 477.44      | 350.32 | 301.82           | 308.00   | 285.60 | 237.54           |
| 2011-12 | 364.08      | 449.62 | 309.77           | 312.00   | 432.47 | 289.40           |
|         |             |        | (up to Dec., 11) |          |        | (up to Dec., 11) |

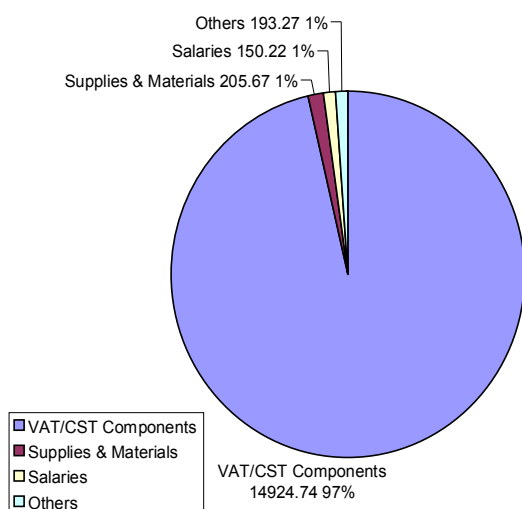
After VAT, the second major constituent of expenditure is on Govt. Opium & Alkaloid Works which constituted 1.95% of total expenditure in 2010-11. Reduction at R.E. stage in 2010-11 was due to less procurement of opium. Against the estimated revenue receipt of ` 308 crore for 2010-11, the revenue amounting to ` 237.54 crore was collected.



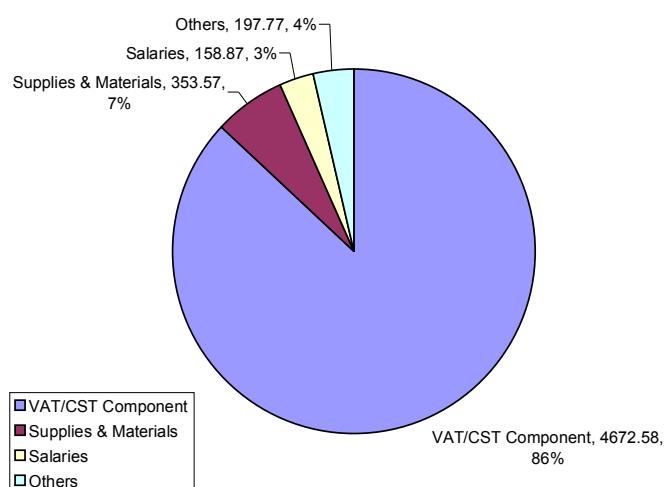
**4.6 THE DETAILS OF THE ALLOCATION MADE AND ACTUAL EXPENDITURE INCURRED DURING  
2009-10, 2010-11 & 2011-12**



ACTUALS 2010-11 (Rs. in crore)



Revised Estimates 2011-12 (Rs. in crore)



The actual expenditure under the grant in 2010-11 amounted to ` 15473.90 crore. The Compensation to State Governments on account of Revenue loss due to introduction of VAT, phasing out of CST and VAT related expenditure amounted to ` 14924.74 crore constituting 96.46% of the expenditure. On Supplies and Materials an expenditure of ` 205.67 crore was incurred constituting 1.33% of the total expenditure. This expenditure is mainly on account of procurement of opium and import of Codeine Phosphate. The expenditure on salaries was 0.97% of the total expenditure whereas other items constituted 1.25% of the total expenditure.

In RE 2011-12, the CST/VAT Compensation and VAT related expenditure has been kept at ` 4672.58 crore constituting 86.81% of the total expenditure. The next major component is Supplies & Materials amounting to ` 353.57 crore which constitutes 6.57% of the total expenditure. Expenditure on salaries amounting to ` 158.87 crore also constitutes 2.95% and other items constitute 3.67% of the total expenditure.

## REVIEW OF PERFORMANCE OF STATUTORY AND AUTONOMOUS BODIES

### NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY

#### OUTCOME BUDGET

The National Institute of Public Finance and Policy, New Delhi 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 organization.

The details of the Grant/Income of National Institute of Public Finance & Policy from various sources and expenditure incurred during the year 2010-11 are as under:-

| Sl.No. | Source of Funding   | Grant/Income<br>(₹ in Crore) | Expenditure<br>(₹ in Crore) |
|--------|---------------------|------------------------------|-----------------------------|
| 1      | Ministry of Finance | 7.10                         | 7.10                        |
| 2      | Other Sources       | 6.03                         | 5.24                        |
| 3      | <b>Total</b>        | <b>13.13</b>                 | <b>12.33</b>                |

Details of the Grants provided by the Ministry of Finance since 2006-07

|                                  | (₹ in Crore) |
|----------------------------------|--------------|
| Actual 2006-07                   | 2.26         |
| Actual 2007-08                   | 5.58         |
| Actual 2008-09                   | 8.67         |
| Actual 2009-10                   | 10.17        |
| Actual 2010-11                   | 7.10         |
| Budget Estimates for 2011-12     | 7.84         |
| Revised Estimates for 2011-12    | 7.66         |
| Actual 2011-12 (till 31.12.2011) | 7.64         |

The constituents of grants and objectives thereof are as follows:-

- a) The Institute has entered into Memorandum of Understanding (MOU) with the Ministry of Finance, Government of India on May 23, 2007 with respect to the annual recurring grant to the Institute.
- b) As per MOU, salary grant to meet 90% of the expenditure on salary, allowances like D.A., H.R.A. and transport allowance or any other allowances or pay revision of the core staff of the Institute following release

of D.A. Installments/or pay revision of Central Government employees or/and UGC as per the recommendations of the Pay Commission, is provided. Computation of 90% of the salary to be covered by this recurring-grant is based on the total expenditure on salary and allowances, calculated on the mid point of the Pay Scale attached to the Core Staff as indicated in Annexure 1 to IV without reference to the salary and allowances of core staff charged to various sponsored projects of the Institute.

- c) A core grant equivalent to 20% of the salary grant as calculated in para 3(a) to cover the non-salary expenditure of the Institute is also given.
- d) A Tax Research Cell (TRC) has been set up in the Institute with effect from June 9, 2005 with financial assistance of ₹ 20.00 lakh per annum from Ministry of Finance.

A review of the NIPFP has been conducted by a Peer Review Group under the chairmanship of Prof. AK Basu, Chief Economic Adviser before signing the next MoU with the Government. The Report of the PRG is under consideration of the Govt.

NIPFP has also been assigned a Study on Black Money by the Government and the Institute is likely to submit its report by August, 2012.

The following are some of the completed/on-going studies/ Working Papers of the Institute:

#### STUDIES COMPLETED (2010-11)

1. Stimulus, Recovery and Existing Policy: G-20 Experience and India's strategy
2. Macro Economic Policy Modeling Phase-II: Growth Projection with Fiscal Consolidation for 12<sup>th</sup> Five Year Plan Period.
3. NIPFP-DEA Research Programme.
4. Building Capacity and Consensus for Monetary and Financial Reforms.
5. Bid Evaluation for Empanelment of Transaction Advisors for PPP Project.
6. Fiscal Responsibility and Budget Management Act of Government of Sikkim.

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>7. Meghalaya Vision 2030</li> <li>8. India Municipal Finance</li> <li>9. Assessment of UIDSSMT Reforms in nine Cities of Maharashtra.</li> <li>10. Functions and Finances of Urban Local Bodies in Jharkhand.</li> <li>11. Fiscal Decentralization to Rural Local Governments.</li> <li>12. Panchayats and Economic Development</li> <li>13. Decentralization in Education and Health Service Delivery: Evidence from India.</li> <li>14. Public Expenditure on Elementary Education Phase-I</li> <li>15. Insurance Schemes of the Government of India.</li> </ul> | <ul style="list-style-type: none"> <li>17. Study on Fiscal and Monetary Policy aspects under Framework for Energy Efficiency</li> <li>18. Programme on Indian Economic Policies: Free Trade, Democracy and Entrepreneurial Development</li> <li>19. Financial Sector Legislative Reforms Commission</li> <li>20. British High Commission –Policy Analysis in the Process of Deepening Capital Account Openness.</li> <li>21. 12<sup>th</sup> Five Year Plan for Sikkim 2012-17</li> <li>22. Award of the Assignment Pertaining to Assessment for the riskiness of the airport sector and estimating fair rate of return on Equity (RoE).</li> <li>23. Public Expenditure in Elementary Education</li> <li>24. Award of Jawaharlal Nehru National Fellowship to Professor Anjan Mukherjee for two years to works competitive market values and the Initial Distribution of Resources.</li> <li>25. Study on unaccounted income/wealth, both inside and outside India.</li> <li>26. Framework for Energy Efficient Economic Development Mechanism of NMEEE.</li> <li>27. Study on GST in the Context of Petroleum and Natural Gas (a) Assess the impact of distortion taxes on different sectors in the economy under the present regime of taxation of petroleum productions; (b) identify a suitable method of taxation under the goods.</li> <li>28. Research and Policy Development for Diesel Price Reform.</li> <li>29. Sikkim Fiscal Responsibility and Budget Management Act 2010</li> <li>30. Property Tax Act and Preparation of Property Tax Rules and code in accordance with the provisions of Municipal Corporation Act, 2010 and Municipal Act, 2000.</li> </ul> |
|---|---|

#### **ON GOING STUDIES (status up to December 2011)**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>1. Pharma Venture Capital Fund</li> <li>2. Research on Business Cycles</li> <li>3. NIPFP-UIDAI Programme on Financial Inclusion</li> <li>4. Macro-Economic Policy Modelling Phase-III</li> <li>5. A Leading-indicator Based Forecasting Model for India</li> <li>6. Oil Price Shock and its Impact on India</li> <li>7. MEWAT: The Dynamics of Development under backwardness</li> <li>8. Ways of increasing the effectiveness and utilization of funds by States/Agencies through suitable changes in timing and pattern of release under selection programmes.</li> <li>9. Incidence of Taxes and Levies on Telecom Sector in India</li> <li>10. Revenue Potential for Himachal Pradesh</li> <li>11. Capacity Building of State Finance Commissions in India</li> <li>12. Public Expenditure on Elementary Education Phase-II</li> <li>13. Health Care Expenditure</li> <li>14. Fiscal Health and Efficiency in Service Delivery: The case for Indian Cities</li> <li>15. Public Finance Information System</li> <li>16. Competitiveness of Zinc-Lead Mining in India: Role of Royalty Regime</li> </ul> | <h4><b>TRAINING PROGRAMMES/WORKSHOPS (status upto December 2011)</b></h4> <ul style="list-style-type: none"> <li>1. Refresher Training Programme for University/College Teachers in May-June, 2010.</li> <li>2. Fiscal Policy and Budget Management for officials from Centre/State Governments in September, 2010.</li> <li>3. Goods and Services Tax for officials from Commercial/Sales Taxes, Departments of Centre/State Governments in Sept-October, 2010.</li> </ul> |
|---|---|

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4. Fiscal Policy for Mid-Career Training Programme for IAS Officers for Middle level officers of the Indian Administrative Service in November, 2010.
  5. Goods and Services Tax for officials of Centre/State Governments in January, 2011.
  6. Fiscal and Monetary Policy for probationers of Indian Statistical Service in January, 2011.
  7. Goods and Service Tax for officials of Centre/State Governments/Commercial/Sales Tax Departments in January, 2011.
  8. Public Finance for Probationers of Indian Audit and Accounts Service in February, 2011.
  9. Promoting Fiscal Sustainability through Strengthening fiscal institutions and medium term frameworks in April, 2011.
  10. Refresher Training Programme in Public Finance for university teachers/Finance Ministry officers in the South Asian Region in May-June, 2011.
  11. One week training course for the officers of the Indian Economic Service in May, 2011.
  12. Mid Career Training Programme for IAS Officers at Lal Bahadur Shastri National Academy of Administration in May-June, 2011.
  13. Training Programme for the officials of Govt. of Assam in September-October, 2011.
  14. Fiscal and Monetary Policy for Indian Statistical Service Probationers in August, 2011.
  15. Training Programme for middle and senior level officers of IAS in September, 2011.
  16. Mid Career Training Programme Phase-IV for IAS Officers at Lal Bahadur Shastri National Academy of Administration in October, 2011.
  17. Training Programme for officials of Controller General of Accounts in November, 2011.
  18. Training Programme for State Governments Officials in October, 2011.
  19. Forum of Federations and NIPFP Sub-National Tax Powers in non-OECD Federation Workshop in December, 2011.
  20. Training Programme for the members of FRBM Division of Govt. of Sikkim in Nov-Dec., 2012.
  21. International Conference on Economic Policies for Emerging Economies in December, 2011.

## DIRECT TAXES INTRODUCTION

1.1 The Central Board of Direct Taxes (CBDT), created by the Central Boards of Revenue Act 1963, is the apex body engaged in the administration of Direct Taxes in India viz. income tax, corporation tax, wealth tax, etc. It consists of a Chairman and six Members. It is the cadre controlling authority for the Income Tax Department. It employs a workforce of 42,281 officers and staff, of which approximately 21.57% are Gazetted officers in Groups 'A' and 'B' categories and the remaining are non-Gazetted employees in Groups 'C' and 'D' categories.

1.2.1 In its functioning, the CBDT is assisted by the following Directorates:

- (i) Directorate of Income Tax (Public Relations, Printing , Publication and Official Languages)
- (ii) Directorate of Income Tax (Recovery)
- (iii) Directorate of Income Tax (Audit)
- (iv) Directorate of Income Tax (Income Tax)
- (v) Directorate of Income Tax (Organisation and Management Services)
- (vi) Directorate of Income Tax (Systems)
- (vii) Directorate of Income Tax (Investigations)
- (viii) Directorate of Income Tax (Vigilance)
- (ix) Directorate of Income Tax (Exemption)
- (x) Directorate of Income Tax (Legal & Research)
- (xi) Directorate of Income Tax (International Taxation)
- (xii) Directorate of Income Tax (Infrastructure)
- (xiii) Directorate of Income Tax (Tax Deduction at Source)
- (xiv) Directorate of Income Tax (Human Resources Development)

(xv) Directorate of Income Tax (Business Process Re-engineering)

(xvi) Directorate of Income Tax (Intelligence & Criminal Investigation)

(xvii) Directorate of Income Tax (Expenditure Budget)

1.3 There are 19 Cadre Controlling Chief Commissioners of Income Tax, stationed all over the country, who are overall in-charge of assessment and collection of direct taxes at regional levels and tax administration within their region. 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 unearth 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. The first appellate machinery comprises of Commissioners of Income Tax (Appeals) who perform the quasi-judicial task of deciding appeals against orders of assessing officers.

1.4 The National Academy of Direct Taxes (NADT) stationed at Nagpur along with Regional Training Institutes function under overall supervision of a Director General of Income Tax to cater to the training needs of officers and officials.

1.5 The Principal Chief Controller of Accounts, CBDT with the assistance of Pay and Accounts Offices is responsible for accounting the revenue collections as well as expenditure incurred by the Department.

**STATEMENT OF OUTLAYS AND OUTCOMES 2012 - 13**

| Sl. No.   | Name of the Scheme/Programme   | Objective/Outcome  | Outlay 2012-13<br>(₹ In Crore) | Quantifiable Deliverables/<br>Physical Outputs   | Projected Outcomes   | Processes/<br>Timelines        | Remarks/<br>Risk Factors  |
|-----------|--|--|--------------------------------|--|--|--------------------------------|---|
| 2         |  | 3  | 4                              | 5  | 6  | 7                              | 8   |
|           |  |  | 4(i)<br>Non-Plan<br>Budget     | 4(ii)<br>Plan<br>Budget  |  |                                |   |
| <b>1.</b> | <b>Major Head 2020-<br/>Collection of<br/>Income Tax;<br/>Information<br/>Technology</b> |  | <b>225.00</b>                  | <b>-</b>   |  |                                |   |
| I.        | Perspective Plan for Phase-III of Comprehensive Computerisation                          | A) Systems Integration along with software procurement                   |                                | <ul style="list-style-type: none"> <li>· Computing capacity to handle the projected workload up to 2014-15</li> <li>· Single National Database to handle all Direct Taxes related transactions</li> <li>· Facilities management in the offices of Income Tax Department</li> </ul> | Setting up and maintenance of National Data Center, Consolidation of regional data bases into single national database.  | Ongoing                        | Consolidation of the Database completed. The estimated expenditure during FY 2012-13 would be ₹ 38.54 crore.  |
|           |  | B) Establishment, Monitoring and Implementation of All India Tax Network |                                | Network of Income Tax offices across the country   | Officers and staff in 515 cities would be able to access the Central Data Center over the "Taxnet" to perform their functions. Faster and reliable transfer of data would ensure timely delivery of services to the taxpayers. | Ongoing Activity<br>No targets | The work of LAN/ WAN connectivity in all buildings has been completed.<br><br>The estimated expenditure on this project for FY 2012-13 would be ₹ 65 crore. |
|           |  | C) Hiring of Data Centers for primary, BCP & DR sites                    |                                | Co-location of hardware equipments in Data Centers meeting industry standards  | Secured data will be available at national level for various management controls.  | Ongoing Activity<br>No targets | All the three data centers, PDC, BCP and DR are operational.  |

| 1    | 2                                     | 3   | 4                               | 5  | 6   | 7   | 8   |
|------|---------------------------------------|---|---------------------------------|--|---|---|---|
|      |                                       | 4(ii)   |                                 |  |   |   |   |
|      |                                       | Non-Plan  |                                 |  |   |   |   |
|      |                                       | Budget  |                                 |  |   |   |   |
|      |                                       | Plan  |                                 |  |   |   |   |
|      |                                       | Budget  |                                 |  |   |   |   |
| II.  | Tax Information Network (TIN)         | Being hosted by National Security Depository Limited (NSDL) as a depository of information relating to : <ul style="list-style-type: none"> <li>· Online Tax Account System (OLTAS),</li> <li>· Tax deductions coming from TDS returns</li> <li>· Facility for generation of electronic TDS accounts</li> <li>· High value financial transactions coming through Annual Information Returns.</li> </ul> | 4(ii)<br>Non-Plan<br>Budget     | <ul style="list-style-type: none"> <li>· Security certification of BS 7799 for ensuring security of the equipment.</li> <li>· Identification of potential high risk tax evasion cases</li> <li>· Accurate and quick credit of TDS deductions, identification of non-filers/stop-filers and cases of short deductions</li> <li>· Processing of TDS returns</li> <li>· Facilities to view tax payments made by the tax payers or by tax deductors on their behalf</li> <li>· Dashboard facilities to the senior management of the Department for effective monitoring and collection of taxes.</li> <li>· Submission of the report of the consultant and BPR Rollout Plan</li> <li>· Implementation of the feasible recommendations as contained in 4<sup>th</sup> Report of Administrative Reforms Commission on "Ethics in Governance".</li> </ul> | Taxpayers will get details of tax deducted on their behalf on an ongoing basis during the financial year itself through 26AS.<br><br>Business intelligence database from AIR to facilitate computer based selection of scrutiny cases | Ongoing<br>Activities<br><br>No specific milestones set | The estimated expenditure on this project would be ₹ 7.70 crore for F.Y. 2012-13.<br><br>The estimated expenditure on this project would be ₹ 55.00 crore for F.Y. 2012-13. |
| III. | Business Process Re-engineering (BPR) | Complete revamping of existing business processes to meet the needs of stake holders  | Complete<br>Revamping<br>Budget | The initiative proposed shall enable citizen friendly offices of the Income Tax Department. In effect, more efficient tax payer services and e-enabled tax administration with scientific record keeping will be possible.   | Part of the recommendations of the BPR have already been rolled out with fully functional CPC at Bangalore and Aayakar Sewa Kendras, which are coming up in stages in Income Tax Offices across the country.                          |   |   |



| 1                        | 2  | 3   | 4                          | 5  | 6   | 7  | 8  |
|--------------------------|--|---|----------------------------|--|---|--|--|
|                          |  |   | 4(i)<br>Non-Plan<br>Budget | 4(ii)<br>Plan<br>Budget  |   |  |  |
| IV. Tax payers' services | -To have simple, transparent, direct & user friendly interaction with taxpayers for dissemination of information by means of Help line (Aayakar Sampark Kendra), Web-site of Income-Tax Department and e-friendly services | -To provide the taxpayers online facilities for e-filing of Income tax returns, |                            | <ul style="list-style-type: none"> <li>· <b>Deliverable from Aayakar Sampark Kendra (ASK) are :</b> <ul style="list-style-type: none"> <li>➤ Provision of PAN, Challan, Return Forms and related information</li> <li>➤ Facility to send forms by e-mail</li> <li>➤ Handling of PAN Grievances</li> </ul> </li> <li>· Provision of tax related information facility for downloading of various forms/challans and return preparation software</li> <li>· Countrywide facilities for e-filing of income tax returns</li> <li>· Centralized issue of refunds through designated refund banker</li> <li>· Facilities for e-payment of direct taxes</li> </ul> | <ul style="list-style-type: none"> <li>· Easy and convenient dissemination of information</li> <li>· Enhanced convenience reducing manual interface and increased tax-payers' satisfaction</li> </ul> | Ongoing  | <p>The department has setup Aayakar Sampark Kendra, at Gurgaon and four Regional Kendras at Jammu, Jangipur, Shillong &amp; Kochi. Received Calls 525856 upto 31/12/2011 during the F.Y 2011-12.</p> <p>The estimated expenditure on <b>ASK project would be ₹ 4.9 crore for F.Y. 2012-13</b> in addition to reimbursement of Telephone Expenses on actuals.</p> |
| V. Refund Banker         | (A) Determine, generate, issue, dispatch, credit and safe delivery of Income Tax refunds.<br><br>(B) Make the refund process completely automated, speedy and transparent and to achieve a faster Turn Around Time.        | Refund status.  |                            | <ul style="list-style-type: none"> <li>· Under Refund Banker Scheme, refunds to the tax payers are directly sent through Electronic Clearing Scheme (ECS) by the State Bank of India (SBI), which has been designated as agent of the Department.</li> <li>· In these models refunds are credited to the taxpayers</li> </ul>  | Ongoing   | <p>The estimated expenditure on Website and e-friendly services project would be ₹ 5.5 crore for F.Y. 2012-13.</p> <p>The projected expenditure on this project and refund banker for FY 2012-13 would be ₹ 55.00 crore.</p> |  |

| 1   | 2  | 3  | 4  | 5  | 6 | 7                         | 8  |
|---|--|--|--|--|---|---------------------------|--|
|   |  | 4(i) Non-Plan Budget   |  | 4(ii) Plan Budget  |   |                           |  |
| VI. Centralized Processing Centre (CPC) Project | (A) Centralized processing of both paper based and e-filed Income Tax Returns (ITRs).  | (i) The CPC would initially process transactions for all e-filed Income Tax Returns (ITRs) countrywide and physical ITRs for Bangalore.  | transparent, and to achieve a faster Turn Around Time. A webbased status tracking facility for delivery of refund. | account within 1 to 3 days of data being delivered to SBI. The Assessing Officer's role in issuing refunds is limited to processing the return of income on computer.  |   | (i) Ongoing at Bangalore. | The estimated expenditure on the CPC project is ₹ 145 crore for the FY 2012-13 including that on proposed CPCs in Pune & Manesar |
|   | (B) The CPC would enable the Department to cope with rapid growth in the number of taxpayers and consequently the volume of work for employees.              | (ii) With the stabilisation of CPCs, the physical ITRs from Karnataka and Goa and an adjoining states would also be given to the CPC during this financial year.                 |  | · Better Taxpayer Services and reduced grievances.<br>· Lower Compliance cost for taxpayers.<br>· Reduced administrative cost for Department.<br>· Faster processing leading to speedy delivery of refunds and hence lower interest outgo. |   |                           |  |
|   | (C) It would allow the Department to bring in more efficient processes and modern citizen services offered by the best Tax Administrations across the globe. | (iii) The CPC at Bangalore has scalability to process 20 lakh paper returns and 60 lakh e-filed returns from the Zone.   |  | · Efficient use of manpower and office space.  |   |                           |  |
|   |  | (iv) The CPC model is being sought to be replicated across the country, having gained experience and learning from the CPC in Bangalore. CPCs are being set up at Manesar & Pune |  |  |   |                           |  |

| 1                         | 2                           | 3                           | 4                          | 5                        | 6                             | 7                         | 8                           |
|---------------------------|-----------------------------|-----------------------------|----------------------------|--------------------------|-------------------------------|---------------------------|-----------------------------|
|                           |                             |                             | 4(i)<br>Non-Plan<br>Budget | 4(ii)<br>Plan<br>Budget  |                               |                           |                             |
| VII. Centralized Process- | i. To develop and           | To develop and              |                            | The project (CPC TDS) is | <u>For Deductors:</u>         | The project is            | The entire project has been |
|                           | implement a compre-         | implement a compre-         |                            | expected to handle       | i. Well Defined Procedure     | planned to Go-            | approved for Rs 136 crore   |
|                           | hensive system to           | hensive system to           |                            | approximately 33 crore   | for filing correction         | Live by Novem-            | ber 2012                    |
|                           | increase efficiency, and    | increase efficiency, and    |                            | transactions during FY   | statement with respect to     | Financial outlay for this | project in FY 12-13 is ₹    |
|                           | effectiveness of ITD in     | effectiveness of ITD in     |                            | 2012-13                  | TDS Statement. ii. Delivery   | <u>Note:</u> The opera-   | 18.64 crore                 |
|                           | processing, accounting      | processing, accounting      |                            |                          | of related services within    | tion of the sys-          |                             |
|                           | and reconciliation of the   | and reconciliation of the   |                            |                          | defined service levels        | tem is on an on-          |                             |
|                           | TDS Statements filed.       | TDS Statements filed.       |                            |                          | <u>For ITD Staff:</u>         | going basis               |                             |
|                           | ii. To set up a Centralized | ii. To set up a Centralized |                            |                          | i. Uniform and well-defined   |                           |                             |
|                           | Processing Center and       | Processing Center and       |                            |                          | work procedures. ii. Better   |                           |                             |
|                           | achieve back office         | achieve back office         |                            |                          | utilization of time in        |                           |                             |
|                           | automation on an            | automation on an            |                            |                          | compliance activities such    |                           |                             |
|                           | outsourced model for        | outsourced model for        |                            |                          | as scrutiny, recovery, survey |                           |                             |
|                           | performing non-core         | performing non-core         |                            |                          | etc.                          |                           |                             |
|                           | activities of ITD.          | activities of ITD.          |                            |                          | <u>For Income Tax</u>         |                           |                             |
|                           | iii. To enable and          | iii. To enable and          |                            |                          | <u>Department:</u>            |                           |                             |
|                           | leverage technology to      | leverage technology to      |                            |                          | i. Improved service delivery  |                           |                             |
|                           | automate back-end           | automate back-end           |                            |                          | to Deductors and Deductees    |                           |                             |
|                           | processes in line with      | processes in line with      |                            |                          | ii. Better utilization of ITD |                           |                             |
|                           | best practices in the       | best practices in the       |                            |                          | resources in Compliance       |                           |                             |
|                           | industry                    | industry                    |                            |                          | activities such as scrutiny,  |                           |                             |
|                           | iv. Manage tax              | iv. Manage tax              |                            |                          | recovery, survey etc. which   |                           |                             |
|                           | administration functions    | administration functions    |                            |                          | require specialized           |                           |                             |
|                           | such as receipt of data     | such as receipt of data     |                            |                          | knowledge and involve         |                           |                             |
|                           | relating to TDS             | relating to TDS             |                            |                          | exercise of discretion in     |                           |                             |
|                           | Statements, matching        | Statements, matching        |                            |                          | individual cases              |                           |                             |
|                           | with information from       | with information from       |                            |                          | <u>For Income Tax Payers:</u> |                           |                             |
|                           | OLTAS, verification of      | OLTAS, verification of      |                            |                          | i. View of 26 AS , TDS        |                           |                             |
|                           | PAN and identifying         | PAN and identifying         |                            |                          | certificates in form 16/ 16A  |                           |                             |
|                           | cases involving invalid/    | cases involving invalid/    |                            |                          | ii. Resolution of TDS         |                           |                             |
|                           | no PAN, late filers, non-   | no PAN, late filers, non-   |                            |                          | mismatch cases                |                           |                             |
|                           | filers, default cases etc,  | filers, default cases etc,  |                            |                          |                               |                           |                             |
|                           | processing, issue of        | processing, issue of        |                            |                          |                               |                           |                             |
|                           | demand notices and/or       | demand notices and/or       |                            |                          |                               |                           |                             |
|                           | refunds and storage of      | refunds and storage of      |                            |                          |                               |                           |                             |
|                           | TDS Statements in a         | TDS Statements in a         |                            |                          |                               |                           |                             |
|                           | centralized manner.         | centralized manner.         |                            |                          |                               |                           |                             |

| 1    | 2  | 3  | 4                          | 5  | 6  | 7  | 8  |
|------|--|--|----------------------------|--|--|--|--|
|      |  |  | 4(i)<br>Non-Plan<br>Budget | 4(ii)<br>Plan<br>Budget  |  |  |  |
| VIII | New ITD Application  | Re-writing of new ITD application with latest technology with new landscape and new Hardware & Also to maintain old application                                |                            | <ul style="list-style-type: none"> <li>Re-writing of all ITD applications.</li> <li>Co-location of hardware equipment in Data Centre (Primary, BCP and DR) meeting industry standards</li> </ul> | New ITD applications for all types of users and covering all functionalities of department.                              | The RFP of Financial outlay for Software vendor payment to the consultants will be complete in FY 12-13 is ₹ 1.58 Crore in 2012-13.<br>The main project of software writing is estimated at 23 months from the date of signing of contract with the vendor, tentatively planned in Sept-Oct 2012 |  |
| IX   | Revenue Accounting Management Software                                     | Compilation of Revenue Accounts, Data transfer to centralized Database Server at NIC Hyderabad & operationalising the B.I. Application to generate various MIS |                            | <ul style="list-style-type: none"> <li>Procuring a B.I. Application, its customization and training of staff on this application.</li> </ul>   | Generation of various MIS reports on Revenue A/c of Direct Taxes & automating the whole process.                         | One year   | Implementation of B.I. application would result in generation of various reports of Revenue Collection and various other customized reports. The estimated expenditure in FY 12-13 is ₹ 0.45 crore |
| X    | Implementation of e-payment as mandated by Finance Minister in all 24 ZAOs | Implementing electronic payment in all 24 ZAOs   |                            | To enable e-payment to all vendors & beneficiaries under payment jurisdiction of 24 ZAOs.  | Enabling electronic payment to vendors & beneficiaries directly into their a/c through Govt. Electronic Payment Gateway. | One year (phase wise in various ZAOs)  | Enabling electronic payment to vendors & beneficiaries directly into their a/c through Govt. Electronic Payment Gateway. The estimated expenditure in FY 12-13 is ₹ 1.2 crore                      |
| 2    | MH 4059 – Capital outlay on public works – Office Building                 |  |                            |  |  |  | 777.48   |

| 1    | 2  | 3  | 4                          | 5  | 6  | 7         | 8   |
|------|--|--|----------------------------|--|--|-----------|---|
|      |  |  | 4(i)<br>Non-Plan<br>Budget | 4(ii)<br>Plan<br>Budget  |  |           |   |
| I.   | Purchase of Office accommodation at Civic Centre, Minto Road, New Delhi. |  |                            | Acquisition of office space measuring about 51,768 sq. metre of super built up area will be available to mitigate the shortage of office accommodation at Delhi. | Asset creation   | 31.9.2013 | Project is likely to be completed in 2012-13.<br><br>The final tranche of payment is to be made to the MCD after completion. Outlay in FY 2012-13 is ₹ 600 crore  |
| II.  | Construction of Advanced Training Centre, hostel & Mess NADT, Nagpur     | To fulfill the need of having a training for advance course including training of foreign officials and increasing needs of accommodation arising at NADT, Nagpur of increased participants and courses. |                            | Construction of ATC, Hostel-II with mess at NADT, Nagpur   | Asset creation   | 10.6.2013 | A/A & F/S of Rs. 101 crore was granted on 04.08.2010. Budget provision for 60 crore was made in the FY 2011-12 and balance fund required in FY 2012-13 is ₹ 25.95 crore, as the project is expected to be completed by 10.6.2013. |
| III. | Purchase of NBCC Plaza, Saket, Delhi                                     | To mitigate the shortage of office space   |                            | Construction of office building  | Asset creation   |           | Since completion certificate from NBCC is awaited, it is proposed to make the payment of ₹ 5.00 crore to be paid after completion certificate is received.  |
| IV.  | Construction of office building for I.T. Deptt at Noida.                 | To mitigate the shortage of office space   |                            | Construction of office building at Noida.  | It will ease shortage of office space and the rented premises can be de-hired. | 31.3.2013 | The project is underway. The estimated expenditure in FY 12-13 is ₹ 8.70 crore  |
| V.   | Construction of guest house at Golf Links, New Delhi.                    | To mitigate the shortage of Guest House.   |                            | Construction of Guest House at Golf Links, New Delhi.  | It would ease the problem of stay for visiting Guests.                         | 31.3.2013 | A/A & F/S of ₹ 9.69 crore was granted on 28.3.2011. Budget provision for FY 2012-13 is ₹ 8.69 crore. The project is expected to be completed by 31.3.2013.  |

| 1     | 2   | 3   | 4                          | 5   | 6  | 7   | 8   |
|-------|---|---|----------------------------|---|--|---|---|
|       |   |   | 4(i)<br>Non-Plan<br>Budget |   |  |   |   |
|       |   |   | 4(ii)<br>Plan<br>Budget    |   |  |   |   |
| VI.   | Construction of RTI Building Mohali                                       | To enhance training capacity                                      |                            | Construction of regional training centre                              | To meet the objectives defined in column-3 | 31.3.2013   | Approval of the project is under process. The estimated expenditure in FY 12-13 is ₹ 20 crore                           |
| VII.  | Construction of office building at Ferozabad                              | To mitigate the shortage of office space                          |                            | Construction of office  | To meet the objectives defined in column-3 | 18 months from receipt of sanction order is received. | Proposal under process. Total outlay proposed is ₹ 8.19 crore and outlay in FY 2012-13 for this work is ₹ 3.19 crore    |
| VIII. | Construction of office building at Bangalore                              | To mitigate the shortage of office space                          |                            | Construction of office  | To meet the objectives defined in column-3 | 24 months from receipt of sanction order is received. | Proposal is under process.  |
| IX.   | Construction of office cum residential building at Lucknow                | To mitigate the shortage of office/residential space              |                            | Construction of the office cum residential building                   | To meet the objectives defined in column-3 | 24 months from receipt of sanction order is received. | The project is under consideration. Total outlay proposed is ₹ 88.02 crore and outlay in FY 2012-13 is ₹ 44 crore       |
| X.    | Construction of office cum residential building at Srinagar               | To mitigate the shortage of office and residential space          |                            | Construction of the office cum residential building                   | To meet the objectives defined in column-3 | 46 months from receipt of sanction order is received. | The project is under consideration. Total outlay proposed is ₹ 42.09 crore and outlay in F.Y. 2012-13 is ₹ 10 crore     |
| XI.   | Construction of office and residential quarters at Shahjahanpur           | To mitigate the shortage of office and residential space          |                            | Construction of the office cum residential building                   | To meet the objectives defined in column-3 | Building to be constructed after purchase of land.    | Approval of the project is under process. Total outlay proposed is ₹ 3.86 crore and outlay in F.Y. 2012-13 is ₹ 1 crore |
| XII.  | Construction of office cum residential building at Nariman Point, Mumbai. | To mitigate the shortage of residential cum office accommodation. |                            | Residential quarters and office accommodation at Nariman-Point Mumbai | To meet the objectives defined in column-3 |   | The proposal is under consideration of and efforts are being made for obtaining FSI from Govt. of                       |

| 1   | 2   | 3  | 4                          | 5   | 6  | 7  | 8  |
|-----|---|--|----------------------------|---|--|--|--|
|     |   |  | 4(i)<br>Non-Plan<br>Budget | 4(ii)<br>Plan<br>Budget   |  |  |  |
|     |   |  |                            |   |  |  | Maharashtra. Outlay for FY 12-13 for this project is ₹ 11 crore  |
|     |   |  | 30.00                      |   |  |  |  |
| 3.  | Major Head 4216 - Capital outlay on public works - Housing. |  |                            |   |  |  |  |
| I.  | Proposal for construction of residential complex at Pune.   | To mitigate the shortage of residential accommodation.   |                            | Construction of residential complex                                 | To meet the objectives defined in column-3 |  | The project is under examination. Total outlay proposed is ₹ 42.57 crore and outlay in F.Y. 2012-13 is ₹ 25 crore. |
| II. | Construction of residential quarters at Jammu               | To mitigate the shortage of residential accommodation and provide better working environment for the officers (officials of the Department resulting in better tax payer services) |                            | Commencement of construction of the office cum residential building | To meet the objectives defined in column-3 | 26 months from receipt of sanction order | Total outlay proposed is ₹ 11.37 crore and outlay in F.Y. 2012-13 for this work is ₹ 3 crore.                      |

## REFORM MEASURES AND POLICY INITIATIVES

## CENTRAL BOARD OF DIRECT TAXES

Reform Measures and Policy Initiatives:A INFORMATION TECHNOLOGY INITIATIVES IN THE OFFICE OF DIRECTOR GENERAL INCOME TAX (SYSTEMS), CBDT:3.1. CENTRALISED PROCESSING CENTRE (CPC), BANGALORE

The CPC Project is a major administrative reform initiative enabled by innovative and widespread use of technology for bulk processing of Income tax returns. This was prompted due to delay in processing of returns as the legacy processes were cross functionally designed causing high burden on the exchequer in terms of interest on delayed refunds and tax-payer dissatisfaction.

*CPC Bangalore went live and started delivering output from October 2009 onwards. It was dedicated to the Nation by Hon'ble Finance Minister on 29.5.2010.*

*In financial year 2011-12 (till 31-12-2011) CPC Bangalore has processed 96,88,945 income tax returns, determining refunds in 30,75,977 cases.*

*The CPC initiative is a comprehensive Government Process Reengineering exercise and was declared as winner of GOLD AWARD for National AWARDS for e-Governance, 2010-11 under the prestigious category of "Excellence in Government Process Re-engineering" in February 2011.*

3.2. REGIONAL PROCESSING CENTRES (RPC) AT PUNE AND MANESAR

The jurisdiction of CPC Bangalore covers all e-returns and paper returns of Karnataka & Goa. *With a view to provide pan India coverage, RPCs have been proposed at Pune and Manesar.* The process to select a Managed Service Provider (MSP) is ongoing.

3.3. E-FILING OF RETURNS

The process of electronically filing Income tax returns through the internet or e-filing of returns was notified on 24.7.2006 and was made mandatory for certain categories of tax-payers subsequently.

*During financial year 2009-10, the number of e-returns received was 50,75,898 and during financial year 2010-11, the number of e-returns received was 93,01,981 showing 83% growth in e-filing of returns. During current financial year 2011-12 the number of e-returns received till 31-12-2011 is 1,11,11,476 and is expected to touch 1.50 crore by the end of the Financial Year.*

3.4. THE REFUND BANKER SCHEME

A scheme of 'Refund Banker' was initially implemented as a pilot at Delhi and Patna w.e.f. 24.1.2007. Based on its positive impact, the scheme was extended to Mumbai, Chennai, Kolkata, and Bangalore. *Since October 2009, the Refund Banker was further extended to 9 more cities viz. Ahmedabad, Allahabad, Bhuvaneshwar, Cochin, Hyderabad, Kanpur, Patiala, Pune and Chandigarh.*

*The Scheme was appreciated by the Revenue Audit in its System Study Report of financial year 2009-10 and the Standing Committee of the Parliament recommended for PAN India roll out of the Scheme. In view of the success of the Scheme, the refund banker scheme was extended to the non-corporate charges in remaining centres, through the State Bank of India, in phases, starting from 1.8.2010*

- Refunds issued till 31/12/2011 under Refund Banker Scheme were as under:-

| Sl. No. | Financial Year            | No. of Electronic refunds | No. of Paper refunds | Total       |
|---------|---------------------------|---------------------------|----------------------|-------------|
| 1       | 2006-07                   | 6,480                     | 20,220               | 26,700      |
| 2       | 2007-08                   | 1,41,536                  | 2,45,673             | 3,87,209    |
| 3       | 2008-09                   | 4,56,916                  | 4,09,223             | 8,66,139    |
| 4       | 2009-10                   | 5,95,614                  | 8,25,541             | 14,21,155   |
| 5       | 2010-11                   | 13,23,477                 | 53,69,475            | 66,92,952   |
| 6       | 2011-12 (till 31-12-2011) | 48,34,545                 | 1,27,41,454          | 1,75,75,999 |

- *There has been a phenomenal increase in number of refunds through Refund Banker resulting into increased taxpayer satisfaction.*
- *A web based status tracking facility in collaboration with India Post and National Securities Depository Ltd. (NSDL) has also been launched during the year. Refund Status is also available on Internet through ITD website. The information on paid refunds is also available in the 'Tax Credit Statements' (Form 26AS) being given to taxpayers.*

3.5. NATIONAL CALL CENTRE AND REGIONAL CALL CENTRES

Another important citizen centric initiative undertaken by the Directorate is the *setting up of a robust National Call Centre and four Regional Call Centres at Jammu, Shillong, Jangipur and Kochi.*

The call centres shall have an All India toll free number with callers being guided through an Interactive Voice Response System (IVRS) for various information/services including returns forms, tax payment procedure, PAN, TIN application, status of tax payment, refunds, e-return intermediaries role responsibilities jurisdictions etc. The Regional Call Centres are being mandated to serve as a forum for regular interface with the taxpayer in local/regional language adding to the comfort of the caller (taxpayer).

*Integration between the existing/proposed call centres at the Centralized Processing Centre Bangalore, Regional Processing Centres at Manesar, Pune and Kolkata and Aayakar Sewa Kendras is also planned at the appropriate time. The technology platform enables linking with the ITD data base to provide real time information to the taxpayer in the near future.*

The trial runs of the call centres are complete and migration to the toll free number will be done shortly.



### 3.6. Initiatives taken under OLTAS.

#### (i) Payment of Direct Taxes through ATMs.

*The Directorate of Systems has launched the scheme of payment of direct taxes through ATM in November 2010. This utility is expected to be immensely useful for such tax-payers who avail ATM facilities but are not equipped with internet banking. The facility has been introduced by some selected banks and is being expanded.*

#### (ii) Improving Quality of Challans from Banks.

*Challan Correction Mechanism (through banks) was introduced as a tax-payer friendly measure and as a mechanism for ensuring good quality challan data for affording seam-less tax credit to the tax-payers.*

#### (iii) Expansion of OLTAS dashboard

OLTAS dashboard facility which was introduced through TIN for senior functionaries of the department has been extended to provide:

- a) Taxpayer profile up to CIT Charge level - Statistics on generation of Form 26AS (Tax Credit Statement)
- b) Extent of compliance by deductors in a charge - CCIT(CCA)-wise and Section Code-wise compliance for TDS
- c) TDS for a charge (section-wise) (through Challans, State Govt. and Transfer Vouchers) and
- d) Advance tax payments

### 3.7. SEVOTTAM

“Sevottam” is an integrated model for excellence in delivery of services by a Government Department. Aaykar Seva Kendras (ASK) under Sevottam is a single window computerized service mechanism for centralized receipt, registration and distribution of dak. The software developed for this purpose also provides online tracking mechanism for each and every dak receipt and its on-line monitoring at all levels of hierarchy. IS 15700:2005 certification from Bureau of Indian Standards (BIS) has been received for the pilot ASK stations of Pune and Kochi.

The department has opened Aaykar Seva Kendras (ASK) at 34 stations till date with a modified Central Software Application.

### 3.8. Individual Transaction Statements and 360° profiling under AIR/CIB initiatives.

*Individual Transactions Statements (ITS) process has been put in place for generating ledger through system for more than 2.5 crore taxpayers for a comprehensive Taxpayer profiling.*

At present, ITS gives a single window access to AIR transactions, CIB transactions, Grouped & Individual TDS transactions, Grouped Tax Payment transactions, Individual Return Information, Bank Account Details from income tax returns, Certificates of low TDS/no TDS issued under section 197 of the Income Tax Act etc.

### 3.9. Initiatives for Resolving TDS Mis-match and Processing of TDS Returns.

The extent of mismatch of TDS claimed by the taxpayers in the Income Tax Returns vis-à-vis TDS reported by the

deductors in their TDS statements has, however, been a cause of concern and has also resulted in substantial Income Tax demand. The reasons for TDS mismatch are essentially because of legacy issues.

The mismatch arises because the deductors who were till now casual in filing the TDS statements and /or reporting deduction, in such statements, are now required to file the TDS statements correctly and fall in discipline. Further the taxpayers who were till now casual and reluctant / hesitant in reporting their PAN to the deductors are now required to give their PANs so that the deductors, in turn, can report transaction against that PAN to the Income Tax Department.

For a tax credit to be available to the taxpayer in the ITD system, it is essential that the credit finds place in the 26AS statement in ITD database. This is dependent on the following:

- i. The deductor has filed TDS statement on time & correctly;
- ii. The deductor has quoted PAN of the deductee correctly in such TDS statements;
- iii. The deductor has reported TDS in respect of PAN correctly;

In the financial year 2010-11, following two pronged strategy was devised to address the issue of mismatch:

- i) Issuance of notices to TDS defaulters and raising demands on short payment, late payment etc. The exercise helped in sensitizing the deductor and sending a strong message that the department is analyzing facts/data reported in TDS statements;
- ii) View of 26AS statements was enabled through internet from e-filing portal ([www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in)) and to internet banking users of 19 banks. The facility is available free of cost through e-filing portal. As on 31<sup>st</sup> December 2011, more than 88 lakh taxpayers have viewed such statements online.

In order to enable the taxpayer with information about the tax credit available in the database of the department, the tax credit viewing facility under 26AS Scheme was launched by the Department. This facility of viewing 26AS statements is available online on internet to the taxpayers. The 26AS Scheme has a potential to reduce the mis-match as the taxpayer is now aware of the gaps in the tax credit and, therefore, he facilitate the department by chasing the deductor to comply. Further, since he has a financial relationship with the deductor, taxpayers have at times more persuasive power to ensure compliance.

As a result of initiatives taken, there is an improved compliance on part of deductor.

### 3.10. Setting up of a TDS-CPC.

*A Centralised Processing Center at Vaishali is being set up for processing of Tax Deducted at Source returns (TDS). The CPC-TDS shall provide state of art facilities to handle the volumes and provide technology driven solutions to address the issue.*

The CPC-TDS shall *inter-alia* provide following services:

- Web Services for filing of eTDS/TCS correction statements for authorized Intermediaries and Deductors

- Rectification of PAN Errors in TDS Statements
- Handling of Defaults in TDS/TCS/24G Statements
- Communication with Deductor/PAO/Intermediaries via Portal
- Intimating Deductors via Help Desk/Call Center
- Resolving Grievances reported by Deductors/PAOs
- Reporting and Dashboard
- Business Analytics for TDS

**The model for CPC-TDS is like that of CPC Bangalore by appointing a Managed Service Provider (MSP). M/s Infosys has been selected as the MSP for this project. The project is expected to be operationalized by November, 2012.**

**B INFORMATION TECHNOLOGY INITIATIVES IN THE OFFICE OF PRINCIPAL CHIEF CONTROLLER OF ACCOUNTS (PCCA), CBDT:**

**3.11 RAMS Project:** The Receipt Accounting management software is another dream project being implemented at O/o the PCCA, CBDT. These modules are basically meant for receipt accounting at ZAO level. The salient features of this project are:-

- a. Automatic reconciliation of receipt and remittance.
- b. Data incorporation through electronic files (pre-formatted) received from banks (i.e electronic challans, daily detailed Scrolls, DMS etc.)
- c. Calculation of delayed period interest.
- d. Detailed level of accounting of incorporated challans.
- e. Maintenance of Personal Deposit accounts opened.

RAMS was initiated purely as a Management Information System tool for fast generation of accounting reports. (It is based on getting data from NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL) on which different banks have uploaded data. The text files are split ZAO wise and Bank wise and sent to the respective ZAOs who in turn incorporate the relevant information from those text files by using the system RAMS) .

Now, challan & scroll data are taken directly from the banks as per provisions of the **Civil Account Manual**. For the purpose all banks will upload ZAO wise daily electronic files (Challan, Scroll, Refund, Error Challan, Error-refund) in electronic format in a central server installed at NIC data centre, Hyderabad. The respective ZAOs can download the same and incorporate in RAMS software. For this purpose 3 (three) Central Servers have been installed at NIC Data Centre, Hyderabad and NIC is developing an application for processing the challan & scroll data in RAMS software.

The Reserve Bank of India is also in the process of uploading the 'Put Through Figures' in respect of all ZAOs on the central server which can be downloaded by the ZAOs for reconciliation of figures and calculation of penal interest.

**3.12. E-Payment project:** Implementation of e-payment system in all the 24 ZAOs is being taken up. E-payment system will result in generation of electronic advice directly to banks and discontinuation of present cheque issuing system.

### **Review of Past performance- Scheme-wise Physical Performance:**

CBDT is engaged in overall administration and collection of direct taxes. The physical performance of the Income Tax Department as a whole in various key areas has been presented as under:-

- i. The collection of direct taxes has doubled from ₹ 2,30,181 crore in 2006-07 to ₹ 4,46,935 crore in 2010-11 at an average annual growth of **22.02%**. In 2007-08 the share of direct taxes exceeded the share of indirect taxes for the first time contributing around 52.6% of the Central Taxes. This trend has continued since then. During FY 2010-11 the share of Direct Taxes to the Total Central taxes collection was 56.65%.
- ii. The Direct tax-GDP ratio has increased from 5.36% in 2006-07 to 5.67% in 2010-11. However, the cost of collection has marginally increased from 0.59% to 0.64% during the same period. Still it is amongst the lowest in the World.
- iii. During the FY 2010-11 the department has collected ₹ 12010 crore from arrear demand which is 0.59% higher than the collection of the previous Financial Year. With respect to current demand, collection for FY 2010-11 the collection has grown by 71.62% to ₹ 41,704 crores as compared to previous year.
- iv. The TDS administration by the department has been showing an impressive performance over the past few years. For FY 2010-11 total collection from TDS was ₹ 168669.59 crore which is 37.74% of the total Direct Taxes Collections. Total collection from TDS during FY 2009-10 was ₹ 145735.69 crore. Thus, the growth in TDS Collection has gone up substantially
- v. E-governance initiatives by the Income Tax Department has resulted in providing some of the best e-delivery of services by a Government Department to citizen. Facilitating e-filing of returns, e-filing of TDS/TCS returns, e-payment of taxes, and electronic credit of refunds directly to the taxpayer's bank account are some of the illustrative initiatives that have drawn praise from all quarters. The Centralized Processing Center (CPC) at Bangalore has been able to reduce the time taken to process Income Tax Returns that were e-filed. Introduction of Refund Banker Scheme has resulted in huge drop in refund related grievances as refund is issued immediately after being raised. PAN related services have also been outsourced for better taxpayers' services. Stabilization of Form 26AS, that includes the detail of tax paid by taxpayers, has resulted in faster processing of returns of income.

## STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2010-11

| S. No.    | Name of the Scheme/<br>Programme  | Objective/Outcome  | Outlay 2010-11<br>(₹ In crore) | Quantifiable<br>Deliverables/Physical<br>Outputs  | Processes/<br>Timelines  | Status as on 31st<br>March, 2011   |
|-----------|---|--|--------------------------------|---|--|--|
| 1         | 2   | 3  | 4                              | 5   | 6  | 7  |
| <b>1.</b> | <b>Major Head 2020-<br/>Collection of Income<br/>Tax; Information<br/>Technology</b>                                  |  | <b>4(i) 4(ii)<br/>BE RE</b>    |   |  | <b>Actual expenditure as on 31.3.2011<br/>- ₹ 192.20 crore</b>   |
|           | I. Perspective Plan for<br>Phase-III of<br>Comprehensive<br>Computerisation   | A) Systems Integration<br>along with software<br>procurement |                                | · Computing capacity to handle the<br>projected workload up to 2014-15<br>· Single National Database to handle<br>all Direct Taxes related transactions<br>· Facilities management in the offices<br>of Income Tax Department | Ongoing. No<br>transaction tar-<br>gets can be<br>fixed. Offices<br>process income<br>tax returns as<br>per their pen-<br>dency. | The progressive processing output for<br>the FY 2010-11 upto 31.3.2011 was<br>3.40 crore including processing at<br>CPC.                               |
|           | B) Modification of Aayakar<br>Bhawan, Vaishali into a<br>secure Information<br>Technology Hub and its<br>maintenance. |  |                                | After modification of the Vaishali<br>Building, National Computer Center will<br>be established.  | Project has<br>been com-<br>pleted.  | The Building has been occupied by the<br>Director General of Income Tax<br>(Systems).  |
|           | C) Establishment,<br>Monitoring and<br>Implementation of All India<br>Tax Network                                     |  |                                | Network of Income Tax offices across<br>the country   | Ongoing<br>Activity. No<br>targets   | The work of LAN/WAN connectivity<br>in all buildings has been completed.   |
|           | D) Hiring of Data Centers<br>for Primary, Business<br>Continuity Planning (BCP)<br>& Disaster Recovery (DR)<br>sites. |  |                                | · Co-location of hardware equipments<br>in Data Centers meeting industry<br>standards<br>· Security certification of BS 7799 for<br>ensuring security of the equipment<br>and data  | Ongoing<br>Activity. No<br>targets   | All the three data centers, PDC, BCP<br>and DR are operational and change<br>requests have been issued to augment<br>them as per hardware requirement. |
|           | II. Tax Information<br>Network (TIN)  | Being hosted by National<br>Security Depository              |                                | · Identification of potential high risk<br>tax evasion cases  | Ongoing<br>Activities  | · Potential cases involving revenue<br>are identified on ongoing basis   |

4(i) BE 4(ii) RE

|  |  |   |  |
|--|--|---|--|
| <p>Limited (NSDL) as a depository of information relating to :</p> <ul style="list-style-type: none"> <li>Online Tax Account System (OLTAS),</li> <li>Tax deductions coming from TDS returns</li> <li>High value financial transactions coming through annual Information Returns.</li> </ul>  | <ul style="list-style-type: none"> <li>Accurate and quick credit of TDS deductions, identification of non-filers/stop-filers and cases of short deductions</li> <li>Facilities to view tax payments made by the tax payers or by tax deductors on their behalf</li> <li>Dashboard facilities to the senior management of the Department for effective monitoring and collection of taxes.</li> </ul> | <p>No specific milestones set</p>   | <p>based on data in OLTAS, TDS and AIR</p> <ul style="list-style-type: none"> <li>In FY 2010-11 upto 31.3.2011, 2,99,064.62 number of challans were received in OLTAS for ₹ 5,15,024.23 crore of the tax collection.</li> <li>In FY 2009-10 a total 2,71,92,826 number of challans were received in OLTAS for ₹ 4,27,631.38 crore of the gross tax collection.</li> <li>Cases of non-filers/stop filers are being identified periodically</li> <li>Facility for viewing tax payment challan/ tax credit statements etc. (form 26 AS) has been made fully operational.</li> </ul> |
| <p>III. Business Process Re-engineering (BPR)</p> <p>Complete revamping of existing business processes to meet the needs of stake holders</p>  | <ul style="list-style-type: none"> <li>Submission of the report of the consultant and BPR Rollout Plan</li> <li>Implementation of the feasible recommendations as contained in 4th Report of Administrative Reforms Commission on "Ethics in Governance".</li> </ul>   | <p>The Report on BPR was submitted to the CBDT in the month of January 2008</p>   | <p>Out of 64 recommendations made, 13 were modified and accepted, 47 accepted in toto and 4 not accepted.</p>  |
| <p>(IV) Tax payers' services</p> <p>To have simple, transparent, direct &amp; user friendly interaction with taxpayers for dissemination of information by means of Help line (Aayakar Sampark Kendra), Web-site of Income-Tax Department and e-friendly services</p> <p>-To provide the taxpayers online facilities for e-filing of Income tax returns,</p> | <ul style="list-style-type: none"> <li>Deliverables from Aayakar Sampark Kendra (ASK) are</li> <li>Provision of PAN, Challan, Return Forms and related information</li> <li>Facility to send forms by e-mail</li> <li>Handling of PAN grievances</li> <li>Provision of tax related information facility for downloading of various forms/ challans and return preparation software</li> </ul>        | <ul style="list-style-type: none"> <li>Ongoing Activities</li> <li>No targets. Volume of transaction based on the end users and taxpayers</li> <li>Software release and enablement of e-filing..</li> </ul> | <p>Call received – 209437</p> <p>Call Answered – 209398</p> <p>Call success ratio – 99.98%</p> <p>Completed</p> <p>During FY 2010-11, 91,56,722 e-returns have been received up to 31<sup>st</sup> March 2011 recording a growth of 83% year on year basis.</p>  |

| 1 | 2   | 3  | 4                  | 5   | 6  | 7  |
|---|---|--|--------------------|---|--|--|
|   |   |  | <b>4(i)<br/>BE</b> | <b>4(ii)<br/>RE</b>   |  |  |
|   |   | -e – payment of taxes,<br><br>-online tracking of Refund status.   |                    | <ul style="list-style-type: none"> <li>· Countrywide facilities for e-filing of income tax returns</li> <li>· Centralized issue of refunds through designated refund banker</li> <li>· Facilities for e-payment of direct taxes</li> </ul>  |  |  |
|   | V. Refund Banker                                | (A) Determine, generate, issue, dispatch, credit and safe delivery of Income Tax refunds.<br><br>(B) Make the refund process completely automated and speedy and transparent to achieve a faster Turn Around Time                            |                    | <ul style="list-style-type: none"> <li>· A system driven process for determination, generation, issue, dispatch and credit of refunds and enables efficient and safe delivery of Income Tax refunds. It introduces a third party into the physical issue or credit of refunds so as to make the process completely automated, speedy and transparent, and to achieve a faster Turn Around Time.</li> </ul>                                  | <ul style="list-style-type: none"> <li>i) After completion of pilots at Delhi and Patna, the scheme was extended to four more stations viz. Kolkata, Mumbai, Bangalore and Chennai.</li> <li>ii) W.e.f October, 2009 the scheme was further extended to 9 more stations.</li> <li>iii) Further, since August/September, 2010 the scheme has been extended to all non-corporate charges across the country in phased manner.</li> </ul> <p>The number of refunds sent through refund banker scheme in F.Y. 2010-11 (till 31.3.2011) is 70 lakh approximately and constitutes 76% of total refunds issued all over India during this period.</p> |  |
|   | VI. Centralized Processing Centre (CPC) Project | (A) Centralised processing of both paper based and e-filed Income Tax Returns (ITRs).<br><br>(B) The CPC would enable the Department to cope with rapid growth in the number of taxpayers and consequently the volume of work for employees. |                    | <ul style="list-style-type: none"> <li>(i) The CPC would initially process transactions for all e-filed Income Tax Returns (ITRs) countrywide and physical ITRs for Bangalore.</li> <li>(ii) As the CPC stabilizes, the physical ITRs from Karnataka and Goa and an adjoining state would also be given to the CPC to scale up the operation.</li> <li>(iii) The CPC at Bangalore will have scalability to process 20 lakh paper</li> </ul> | <ul style="list-style-type: none"> <li>· CPC started processing of e-filed returns of A. Y. 2009-10 from April, 2010.</li> <li>· Volume production by March 2010.</li> </ul>   | <ul style="list-style-type: none"> <li>(i) CPC at Bangalore has been rolled out after successful pilot.</li> <li>(ii) Nearly 86.9 lakh returns have been processed at CPC, Bangalore up to 31.3.2011.</li> </ul> |

| 1          | 2   | 3  | 4          | 5   | 6          | 7   |
|------------|---|--|------------|---|------------|---|
|            |   |  | 4(i)<br>BE | 4(ii)<br>RE   |            |   |
|            |   |  | 1663.00    | 1561.59   |            |   |
|            | <b>Major Head 4059 – Capital outlay on public works – office buildings</b>              |  |            |   |            |   |
| <b>I</b>   | Proposal to acquire office space in civic centre being constructed and developed by MCD | To mitigate the shortage of office building  |            | The office space of 51,768 sq.mt. proposed to be purchased within months after granting A/A & F/S | 31.3.2012  | ₹ 600 crore. released in F.Y. 2010-11   |
| <b>II</b>  | Construction of office building at Saket, New Delhi                                     | To reduce shortage of office accommodation   |            | Assets creation   | 31.3.2011  | Project has been put on hold pending the final decision to be taken on construction of Revenue Service Research Institute on this land    |
| <b>III</b> | Construction of office building at Bhopal   | To reduce shortage of office accommodation   |            | Assets creation   |            | Project has been withdrawn from M/s NBCC and is likely to be handed over to CPWD for which the preliminary estimate from them is awaited. |
| <b>IV</b>  | Construction of Advance Training Centre, Mess/ Hostel at NADT, Nagpur                   | To fulfill the need of having a training for advance course including training of foreign officials and increasing needs of accommodation arising at NADT, Nagpur of increased participants and courses. |            | Asset creation  | 31.12.2011 | Construction work is in progress.   |
| <b>V</b>   | Construction of new hostel at NADT, Nagpur  | To cope up with the increasing needs of  |            | Asset creation  | 30.06.2011 | Project in progress   |
|            |   |  |            |   |            | Actual expenditure as on 31.3.11 – ₹ 1527.23 crore  |

STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2010-11

| S. No. | Name of the Scheme/<br>Programme   | Objective/Outcome  | Outlay 2010-11<br>(₹ In crore) | Quantifiable<br>Deliverables/Physical<br>Outputs | Processes/<br>Timelines | Status as on 31st<br>December, 2010  |
|--------|--|--|--------------------------------|--|-------------------------|--|
| 1      | 2  | 3  | 4                              | 5  | 6                       | 7  |
|        |  | accommodation arising at NADT in view of increased participants and courses. | 4(i)<br>BE                     | 4(ii)<br>RE                                      |                         |  |
| VI     | Construction of office building for I.T. Deptt at Sector-24, Noida.              | To mitigate the shortage of office building                                  |                                | Assets creation                                  | 31.03.2012              | Approval was granted on 24.3.2011.   |
| VII    | Construction of office building with boundary wall at Asansol                    | To reduce shortage of office accommodation                                   |                                | Assets creation                                  |                         | The project has been withdrawn from this Grant and will now be executed by CPWD under the Grant pertaining to the Ministry of Urban Development. |
| VIII   | Construction of office building and staff quarters at Chowkidin- ghee, Dibrugarh | To reduce shortage of office accommodation                                   |                                | Assets creation                                  |                         | The project has been withdrawn.  |



**STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2010-11**

| S. No.    | Name of the Scheme/<br>Programme   | Objective/Outcome   | Outlay 2011-12<br>(₹ In crore) | Quantifiable<br>Deliverables/Physical<br>Outputs   | Processes/<br>Timelines           | Status as on 31st<br>December, 2011  |
|-----------|--|---|--------------------------------|--|-----------------------------------|--|
| 1         | 2  | 3   | 4                              | 5  | 6                                 | 7  |
|           |  |   | 4(i)<br>BE                     | 4(ii)<br>RE  |                                   |  |
| <b>1.</b> | <b>Major Head 2020-<br/>Collection of Income<br/>Tax; Information<br/>Technology</b> |   | <b>225.00</b>                  | <b>270.00</b>  |                                   | <b>Actual expenditure as on 31.12.2011<br/>– ₹ 200.29 crore</b>  |
|           | I. Perspective Plan for<br>Phase-III of<br>Comprehensive<br>Computerisation          | A) Systems Integration<br>along with software<br>procurement  |                                | · Computing capacity to handle the<br>projected workload up to 2014-15                           | Ongoing.                          | Consolidation of the Database<br>completed.  |
|           |  | B) Modification of Aayakar<br>Bhawan, Vaishali into a<br>secure Information<br>Technology Hub and its<br>maintenance. |                                | · Single National Database to handle<br>all Direct Taxes related transactions                    |                                   | During FY 2011-12 upto 31.12.2010,<br>₹ 1.5 crore of returns were processed<br>at the data centre.   |
|           |  |   |                                | · Facilities management in the offices<br>of Income Tax Department                               |                                   | Actual expenditure as on 31.12.2011 –<br>₹ 48.03 crore   |
|           |  |   |                                | After modification of the Vaishali<br>Building, National Computer Center will<br>be established. | Project is com-<br>pleted.        | The building has been occupied by Dre<br>of systems. Vendor has been selected<br>and entrusted with the work of facility<br>management services in the Building. |
|           |  |   |                                | Network of Income Tax offices across<br>the country  | Ongoing<br>Activity No<br>targets | Actual expenditure as on 31.12.2011 –<br>₹ 2.46 crore  |
|           |  | C) Establishment,<br>Monitoring and<br>Implementation of All India<br>Tax Network                                     |                                | · Co-location of hardware equipments<br>in Data Centers meeting industry<br>standards            |                                   | The work of LAN/WAN connectivity<br>in all buildings has been completed.<br>Actual expenditure as on 31.12.2011 –<br>₹ 34.66 crore                               |
|           |  | D) Hiring of Data Centers<br>for Primary, Business<br>Continuity Planning (BCP)<br>& Disaster Recovery (DR)<br>sites. |                                | · Security certification of BS 7799 for<br>ensuring security of the equipment<br>and data        | Ongoing<br>Activities             | All the three data centers, PDC, BCP<br>and DR are operational.<br><br>Actual expenditure as on 31.12.2011 –<br>₹ 5.24 crore                                     |

| 1  | 2  | 3   | 4                  | 5   | 6 | 7 |
|--|--|---|--------------------|---|---|---|
|  |  |   | 4(i)<br>BE         | 4(ii)<br>RE   |   |   |
| II. Tax Information Network (TIN)          | <p>Being hosted by National Security Depository Limited (NSDL) as a depository of information relating to :</p> <ul style="list-style-type: none"> <li>· Online Tax Account System (OLTAS),</li> <li>· Tax deductions coming from TDS returns</li> <li>· High value financial transactions coming through annual Information Returns.</li> </ul> | <ul style="list-style-type: none"> <li>· Identification of potential high risk tax evasion cases</li> <li>· Accurate and quick credit of TDS deductions, identification of non-filers/stop-filers and cases of short deductions</li> <li>· Processing of TDS returns</li> <li>· Facilities to view tax payments made by the tax payers or by tax deductors on their behalf</li> <li>· Dashboard facilities to the senior management of the Department for effective monitoring and collection of taxes.</li> </ul>      | Ongoing Activities | <p>During FY 2011-12 upto 31.12.2011, 2,29,84,327 number of challans were received in OLTAS for ₹ 3,94,207.78 crore of the tax collection.</p> <p>During FY 2010-11 upto 31.12.2010, 2,02,16,560 number of challans were received in OLTAS for ₹ 3,44,834.00 crore of the tax collection.</p> <p>Actual expenditure as on 31.12.2011 – ₹ 24.30 crore.</p> |   |   |
| III. Business Process Re-engineering (BPR) | <p>Complete revamping of existing business processes to meet the needs of stake holders</p>  | <ul style="list-style-type: none"> <li>· Submission of the report of the consultant and BPR Rollout Plan</li> <li>· Implementation of the feasible recommendations as contained in 4th Report of Administrative Reforms Commission on "Ethics in Governance".</li> </ul>  |                    | <p>Out of 64 recommendations made in the BPR report, 13 were modified and accepted, 47 accepted in toto and 4 not accepted.</p>   |   |   |
| (IV) Tax payers' services                  | <p>To have simple, transparent, direct &amp; user friendly interaction with taxpayers for dissemination of information by means of Help line (Aayakar Sampark Kendra), Web-site of Income-Tax Department and e-friendly services</p> <p>-To provide the taxpayers online facilities for e-filing of Income tax returns,</p>                      | <ul style="list-style-type: none"> <li>· Deliverables from Aayakar Sampark Kendra (ASK) are:- <ul style="list-style-type: none"> <li>➤ Provision of PAN, Challan, Return Forms and related information</li> <li>➤ Facility to send forms by e-mail</li> <li>➤ Handling of PAN grievances</li> <li>· Provision of tax related information facility for downloading of various forms/challans and return preparation software</li> <li>· Countrywide facilities for e-filing of income tax returns</li> </ul> </li> </ul> | Ongoing Activities | <p>The Department has set up Aayakar Sampark Kendra, National Computer Centre (NCC) at Gurgaon and four Regional Computer Centres (RCCs) at Jammu, Jangipur, Shillong &amp; Kochi.</p> <p>Received Calls 5,25,856 upto 31/12/2011 during the F.Y 2011-12.</p> <p>Actual expenditure under ASK project as on 31.12.2011 – ₹ 0.31 crore</p>                 |   |   |

**4(i)  
BE**                      **4(ii)  
RE**

|   |   |   |   |
|---|---|---|---|
| <p>-e - payment of taxes,<br/>-online tracking of Refund<br/>staurs</p>   | <p>Centralized issue of refunds<br/>through designated refund banker<br/>Facilities for e-payment of direct<br/>taxes</p>   | <p>Actual expenditure on website services<br/>as on 31.12.2011 – ₹ 3.32 crore<br/>During the FY 1,11,11,476 returns<br/>have been e-filed till 31.12.2011</p> | <p>From 19.12.2011 Refund Banker<br/>Scheme is extended to Corporate<br/>,Exemption, Central and International<br/>Taxation charges all over India.</p>   |
| <p>V. Refund Banker</p> <p>(A) Determine, generate,<br/>issue, dispatch, credit and<br/>safe delivery of Income Tax<br/>refunds.</p> <p>(B) Make the refund process<br/>completely automated<br/>speedy and transparent and<br/>to achieve a faster Turn<br/>Around Time</p>  | <p>A system driven process for<br/>determination, generation, issue,<br/>dispatch and credit of refunds and<br/>enables efficient and safe delivery<br/>of Income Tax refunds. It<br/>introduces a third party into the<br/>physical issue or credit of refunds<br/>so as to make the process<br/>completely automate, speedy and<br/>transparent, and to achieve a<br/>faster Turn Around Time.<br/>A web based status tracking<br/>facility for delivery of refund.</p>   | <p>Ongoing.</p>   | <p>The number of refunds sent through<br/>Refund Banker Scheme in F.Y. 2011-<br/>12 (till 31.12.2011) is 81 lac (approx.)<br/>and constitutes 96% of total refunds<br/>issued all over India, during this<br/>period.<br/>Actual expenditure as on 31.12.2011<br/>– ₹ 28.44 crore</p>   |
| <p>VI. Centralized Pro-<br/>cessing Centre (CPC)<br/>Project</p> <p>(A) Centralised processing<br/>of both paper based and e-<br/>filed Income Tax Returns<br/>(ITRs).</p> <p>(B) The CPC would enable<br/>the Department to cope with<br/>rapid growth in the number<br/>of taxpayers and<br/>consequently the volume of<br/>work for employees.</p> <p>(C) It would allow the De-<br/>partment to bring in more<br/>efficient processes and mod-<br/>ern citizen services offered<br/>by the best Tax Administra-<br/>tions across the globe.</p> | <p>(i) The CPC would initially process<br/>transactions for all e-filed Income Tax<br/>Returns (ITRs) and physical ITRs for<br/>Bangalore.</p> <p>(ii) As the CPC stabilizes, the physical<br/>ITRs from Karnataka and Goa and an<br/>adjoining state would also be given<br/>to the CPC to scale up the operation.</p> <p>(iii) The CPC at Bangalore will have<br/>scalability to process 20 lakh paper<br/>returns and 60 lakh e-filed returns<br/>from the Zone.</p> <p>(iv) Eventually, it is envisaged that the<br/>CPC model would be replicated<br/>across the country, having gained<br/>experience and learning from the<br/>CPC in Bangalore.</p> | <p>Ongoing at<br/>Bangalore</p>   | <p>(i) CPC has processed 96,88,945<br/>returns in FY 2011-12 upto 31.12.11.<br/>(ii) Arrangements for processing paper<br/>returns of Karnataka and Goa in place.<br/>(iii). All rectification received upto<br/>November 2011 have been disposed<br/>off<br/>(iv) The Finance Minister in the Budget<br/>Speech 2010 has proposed for setting<br/>up of two new CPCs at Pune &amp;<br/>Manesar.</p> <p>The selection of vendor for RPCs Pune<br/>and Manesar is under process</p> <p>Actual expenditure as on 31.12.2011<br/>– ₹ 37.03 crore</p> |

| 1                          | 2  | 3   | 4        | 5   | 6  | 7  |
|----------------------------|--|---|----------|---|--|--|
| VII. Biometric PAN Project | (A) To put in place a biometric solution to ensure that no duplicate PAN is issued i.e. same person does not get more than one PAN number.<br>(B) Biometric information, being more stable with time and difficult to change, would be able to detect duplicate PAN application with greater accuracy. | 4(i) BE   | 4(ii) RE | <ul style="list-style-type: none"> <li>• Capture biometric features (face + 4 fingers) of PAN applicants to prevent allotment of duplicate PANs.</li> <li>• Verify biometric features of applicants who apply for reprint of cards or change in PAN data.</li> <li>• Composite and scalable solution without vendor lock-in to be procured.</li> <li>• Solution to be integrated with new PAN application and also prospective use for the existing PAN holders.</li> </ul> | Project was kept in abeyance pending clarification from the UIDAI. | The Biometric PAN Project is being revived in view of the UIDAI, deciding to take biometrics of the existing database of individuals with various agencies. Consultant has submitted revised scope of work which is under examination. The project of Biometrics, in its new Avtaar being on-line authentication from UID database, will in all likelihood take off in F.Y. 2012-13. |
| <b>2</b>                   | <b>Major Head 4059 – Capital outlay on public works – office buildings</b>   |   |          | <b>877.70</b>   | <b>317.51</b>  | <b>Actual expenditure as on 31.12.2011 – ₹ 162.16 crore</b>  |
| <b>I</b>                   | Purchase of Office accommodation at Civic Centre, Minto Road, New Delhi.   |   |          | Office space measuring about 51,768 sq. metre of super built up area will be available to mitigate the shortage of office accommodation at Delhi.   | 31.3.2012  | ₹ 600 crore provided in BE for making payment of Final tranche to the MCD had to be surrendered in RE considering the stage of furnishing of the building. Project is likely to be completed in early 2012-13.   |
| <b>II</b>                  | Construction and furnishing of Office Building at Saket, New Delhi.  | To mitigate the shortage of office space.   |          |   | -  | Project has been put on hold pending the final decision to be taken on construction of Revenue Service Research Institute on this land   |
| <b>III</b>                 | Construction of Advance Training Centre, Mess/ Hostel at National Academy of Direct Taxes (NADT), Nagpur.  | To conduct advanced courses including training of foreign officials and to meet the increasing need for accommodation facilities at NADT. |          |   | 31.03.2013   | The proposal has already been sanctioned on 24.5.2011 and work is in progress  |
| <b>IV</b>                  | Construction of new hostel at NADT, Nagpur.  | To expand infrastructure for training at NADT.  |          |   | 30.06.2011   | The project has been completed   |

| 1    | 2  | 3   | 4            | 5           | 6          | 7  |
|------|--|---|--------------|-------------|------------|--|
|      |  |   | 4(i)<br>BE   | 4(ii)<br>RE |            |  |
| V    | Construction of guest house at GolfLinks, New Delhi.   | To mitigate the shortage of guest house facility for visiting officials.    |              |             | 31.03.2013 | The project has been approved. Work is yet to be awarded. Likely to be completed in 2013   |
| VI   | Construction of Office building at Noida.  | To mitigate the shortage of office space.                                   |              |             | 31.03.2013 | Total outlay proposed is ₹ 24.20 crore and ₹ 4.84 crore released on 06.05.2011.  |
| VII  | Construction of Office building at Firozabad, U.P.   | To mitigate the shortage of office space.                                   |              |             | 31.03.2013 | Proposal is under examination  |
| VIII | Purchase of ready built office premises at Thane, Maharashtra.                                       | To mitigate the shortage of office space.                                   |              |             | 30.09.2011 | The building has been hired  |
| IX   | Construction of building for Direct Taxes Regional Training Institute (DTRTI), at Mohali, Chandigarh | To mitigate the shortage of office space.                                   |              |             | -          | Proposal is under process  |
| 3    | <b>MH 4216 – Capital Outlay on public works - Housing</b>  |   | <b>27.00</b> | <b>5.00</b> |            | <b>Actual expenditure as on 31.12.2011- ₹ 0.03 crore</b>   |
| I.   | Construction of residential cum office building at Nariman Point, Mumbai.                            | To mitigate the shortage of residential and office accommodation at Mumbai. |              |             |            | The proposal is pending for approval before Municipal authorities, which is likely to come up shortly. The fund which was provided for the project could not be utilised |
| II.  | Construction of residential complex including a community hall at Hadapsar, Pune                     | To mitigate the shortage of residential accommodation.                      |              |             |            | The project is at the consideration stage.   |
| III. | Construction of Type V and Type VI quarter at Jammu.   | To mitigate the shortage of residential accommodation.                      |              |             |            | Total outlay proposed is ₹ 9.69 crore. Work is yet to be awarded   |

**FINANCIAL REVIEW**  
**STATEMENT SHOWING ACTUAL EXPENDITURE VIS-A-VIS BE/RE PROVISIONS FOR THE YEARS 2009-10, 2010-11 AND 2011-12**

(₹ in crore)

| Description   | 2009-10    |                | 2010-11        |                | 2011-12        |                | Actual<br>Up to<br>31.12.11 |                |                |
|---|------------|----------------|----------------|----------------|----------------|----------------|-----------------------------|----------------|----------------|
|   | Major Head | B.E<br>R.E.    | B.E<br>R.E.    | B.E<br>R.E.    | B.E<br>R.E.    |                |                             |                |                |
| <b>REVENUE SECTION</b>                                  |            |                |                |                |                |                |                             |                |                |
| Collection of taxes on income and expenditure           | 2020       | 2637.42        | 2748.91        | 2488.66        | 2773.88        | 2630.50        | 2901.45                     | 2916.78        | 2188.38        |
| Collection of Estate Duty, Taxes on Wealth and Gift Tax | 2031       | 246.58         | 70.49          | 237.19         | 71.12          | 67.45          | 74.40                       | 74.79          | 0.00           |
| <b>TOTAL REVENUE SECTION</b>                            |            | <b>2884.00</b> | <b>2819.40</b> | <b>2725.85</b> | <b>2845.00</b> | <b>2697.95</b> | <b>2975.85</b>              | <b>2991.57</b> | <b>2188.38</b> |
| <b>CAPITAL SECTION</b>                                  |            |                |                |                |                |                |                             |                |                |
| Purchase of ready built office building                 | 4059       | 602.00         | 17.00          | 7.42           | 1663.00        | 1527.23        | 877.70                      | 317.51         | 162.16         |
| Purchase of ready built residential building            | 4216       | 15.00          | 3.10           | 0.00           | 15.00          | 43.41          | 27.00                       | 5.00           | 0.03           |
| Acquisition of immovable property under Income Tax Act  | 4075       | 1.00           | 0.90           | 1.88           | 1.00           | 1.65           | 1.00                        | 1.70           | 0.72           |
| <b>TOTAL CAPITAL SECTION</b>                            |            | <b>618.00</b>  | <b>21.00</b>   | <b>9.30</b>    | <b>1679.00</b> | <b>1572.29</b> | <b>905.70</b>               | <b>324.21</b>  | <b>162.91</b>  |
| <b>GRAND TOTAL</b>                                      |            | <b>3502.00</b> | <b>2840.40</b> | <b>2735.15</b> | <b>4524.00</b> | <b>4270.24</b> | <b>3881.55</b>              | <b>3315.78</b> | <b>2351.29</b> |

**OBJECT HEAD-WISE EXPENDITURE VIS-A-VIS BE/RE FOR THE YEARS 2009-10, 2010-11 AND 2011-12**

*(₹ in crore)*

| Description                   | 2009-10        |                | 2010-11        |                | 2011-12        |                |                |                |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               | B.E            | R.E.           | Actual         | B.E            | R.E.           | Actual         | B.E            | R.E.           | Actual         | Up to 31.12.11 |
| <b>Revenue Section</b>        |                |                |                |                |                |                |                |                |                |                |
| Salaries                      | 1859.40        | 1859.40        | 1833.85        | 1700.00        | 1710.25        | 1689.62        | 1831.55        | 1781.17        | 1468.28        |                |
| Wages                         | 18.00          | 17.10          | 16.05          | 18.00          | 17.00          | 16.72          | 17.00          | 17.00          | 12.27          |                |
| Overtime Allowance            | 1.20           | 1.05           | 0.69           | 1.00           | 0.80           | 0.65           | 0.80           | 0.80           | 0.33           |                |
| Medical Treatment             | 21.00          | 19.95          | 17.82          | 21.00          | 21.00          | 20.35          | 22.00          | 25.00          | 14.34          |                |
| Domestic Travel Expenses      | 29.00          | 35.00          | 33.76          | 35.00          | 35.00          | 35.91          | 35.00          | 45.00          | 28.02          |                |
| Foreign Travel Expenses       | 1.00           | 1.00           | 0.37           | 1.10           | 1.10           | 0.66           | 1.10           | 2.10           | 0.49           |                |
| Office Expenses (Charged)     | 0.02           | 0.02           | 0.00           | 0.02           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |                |
| Office Expenses (Voted)       | 461.98         | 400.04         | 398.59         | 499.98         | 450.94         | 464.42         | 513.90         | 522.80         | 317.88         |                |
| Rent Rates&Taxes              | 180.00         | 180.00         | 147.28         | 200.00         | 160.00         | 142.85         | 180.00         | 147.00         | 78.57          |                |
| Publications                  | 2.70           | 2.43           | 2.00           | 2.80           | 2.50           | 2.38           | 2.80           | 2.80           | 1.48           |                |
| BCIT                          | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |                |
| Other Administrative Expenses | 10.50          | 11.35          | 10.60          | 10.30          | 17.42          | 17.62          | 23.30          | 29.40          | 16.28          |                |
| Adv. & Publicity              | 38.00          | 40.00          | 39.13          | 40.00          | 80.00          | 78.36          | 80.00          | 100.00         | 30.39          |                |
| Minor Works                   | 7.50           | 7.10           | 5.67           | 9.00           | 7.50           | 6.14           | 8.00           | 8.00           | 1.15           |                |
| Professional Services         | 20.00          | 23.00          | 21.96          | 23.00          | 23.00          | 21.98          | 26.00          | 30.00          | 13.71          |                |
| Contributions                 | 0.20           | 0.19           | 0.15           | 0.30           | 0.30           | 0.20           | 0.40           | 0.40           | 0.06           |                |
| Secret Service Expenses       | 4.00           | 3.80           | 3.69           | 4.00           | 4.25           | 4.54           | 4.50           | 5.60           | 3.14           |                |
| Other Charges                 | 4.50           | 4.22           | 3.21           | 4.50           | 4.25           | 3.34           | 4.50           | 4.50           | 1.70           |                |
| Information Technology        | 225.00         | 213.75         | 191.02         | 275.00         | 200.00         | 192.21         | 225.00         | 270.00         | 200.29         |                |
| <b>TOTAL REVENUE SECTION</b>  | <b>2884.00</b> | <b>2819.40</b> | <b>2725.85</b> | <b>2845.00</b> | <b>2735.31</b> | <b>2697.95</b> | <b>2975.85</b> | <b>2991.57</b> | <b>2188.38</b> |                |

| Description   | 2009-10        |                | 2010-11        |                | 2011-12        |                | Actual<br>Up to<br>31.12.11 |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------------|----------------|
|   | B.E            | R.E.           | Actual         | B.E            | R.E.           | B.E            |                             | R.E            |
| <b>Capital section</b>  |                |                |                |                |                |                |                             |                |
| <b>MH-4059</b> Purchase of ready built office building                | 602.00         | 17.00          | 7.42           | 1663.00        | 1561.59        | 877.70         | 317.51                      | 162.16         |
| <b>MH-4216</b> Purchase of ready built residential building           | 15.00          | 3.10           | 0.00           | 15.00          | 47.41          | 27.00          | 5.00                        | 0.03           |
| <b>MH-4075</b> Acquisition of immovable property under Income Tax Act | 1.00           | 0.90           | 1.88           | 1.00           | 1.00           | 1.00           | 1.70                        | 0.72           |
| <b>TOTAL CAPITAL SECTION</b>  | <b>618.00</b>  | <b>21.00</b>   | <b>9.30</b>    | <b>1679.00</b> | <b>1610.00</b> | <b>905.70</b>  | <b>324.21</b>               | <b>162.91</b>  |
| <b>GRAND TOTAL</b>  | <b>3502.00</b> | <b>2840.40</b> | <b>2735.15</b> | <b>4524.00</b> | <b>4345.31</b> | <b>3881.55</b> | <b>3315.78</b>              | <b>2351.29</b> |



## Sumnerized position of Schemes under Outcome Budget 2011-12

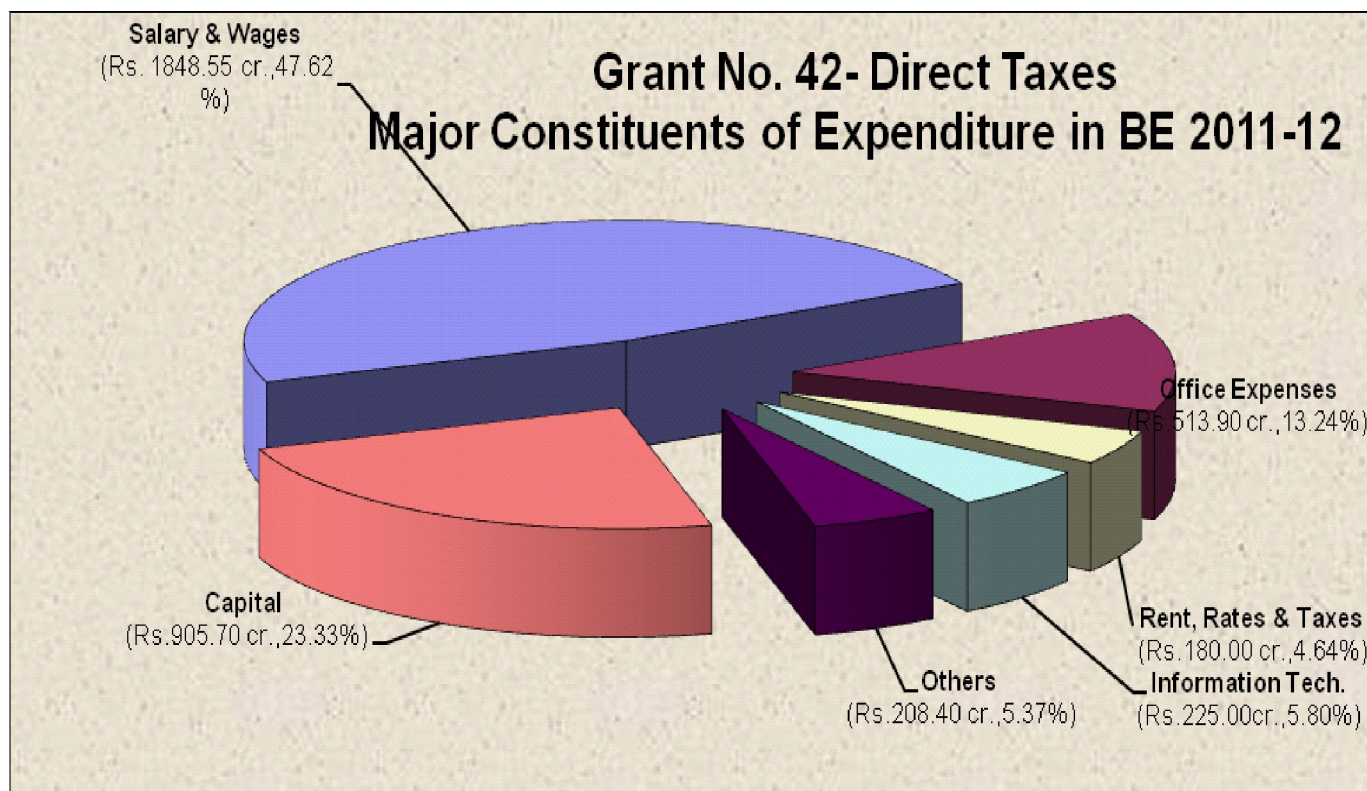
| Sl. No.                         | Scheme  | 2009-10       |               | 2010-11       |                | 2011-12        |                | Actual<br>Up to<br>31.12.11 |               |               |
|---------------------------------|---|---------------|---------------|---------------|----------------|----------------|----------------|-----------------------------|---------------|---------------|
|                                 |   | B.E           | R.E.          | B.E           | R.E.           | B.E            | R.E            |                             |               |               |
| 1                               | Scheme under 'Information Technology' in respect of Major Head 2020 - Collection of Income Tax - Non-Plan | 225.00        | 213.75        | 191.02        | 275.00         | 200.00         | 192.21         | 225.00                      | 270.00        | 200.29        |
| 2                               | Purchase of Office Accommodation  | 602.00        | 17.00         | 7.42          | 1663.00        | 1561.59        | 1527.23        | 877.70                      | 317.51        | 162.16        |
| 3                               | Purchase of Ready Built Flats   | 15.00         | 3.10          | 0.00          | 15.00          | 47.41          | 43.41          | 27.00                       | 5.00          | 0.03          |
| <b>TOTAL</b>                    |   | <b>842.00</b> | <b>233.85</b> | <b>198.44</b> | <b>1953.00</b> | <b>1809.00</b> | <b>1762.85</b> | <b>1129.70</b>              | <b>592.51</b> | <b>362.48</b> |
| Percentage with reference to RE |   |               |               | 84.86         |                |                | 97.45          |                             |               | 61.18         |

### Analysis of Expenditure Trends in Grant No. 42 – Direct Taxes

During 2011-12, total expenditure incurred upto 31 December 2011 is ₹ 2351.29 Crore which works out to be 60.58% of total BE Provision 2011-12. Out of this, the expenditure under Revenue Section is ₹ 2188.38 Crore which is 73.54% of BE Provision 2011-12 under this section. Provision for ‘Salaries’ is ₹ 1831.55 crore against which the expenditure upto 31 December 2011 is ₹1468.28 crore. Another major constituent of expenditure under Revenue Section is ‘Office Expenses’ with a BE Provision of ₹ 513.90 Crore against which expenditure incurred upto 31

December 2011 is ₹ 317.88 Crore. A BE Provision of ₹ 225 crore has been provided under ‘Information Technology’ against which the expenditure upto 31 December 2011 is ₹ 200.29 crore. Under ‘Capital Section’, the expenditure upto 31 December 2011 is ₹ 162.91 crore which works out to be 18% of BE Provision under this section.

In view of the current trend of expenditure and also the physical progress of works, the provision in RE 2011-12 has been kept at ₹3315.78 crore. Major constituents of RE 2011-12 are depicted below-



## INDIRECT TAXES

### INTRODUCTION

This Demand deals with the establishments of field formations under Central Board of Excise & Customs which is responsible for formulation of policy concerning levy and collection of Customs and Central Excise duties, Service Tax, prevention of smuggling and evasion of duties. The assigned task is done with the help of 94 Commissionerates of Central Excise, 35 Commissionerates of Customs and 6 Commissionerates of Service Tax. There is Appellate and Tax Recovery Machinery for performing quasi-judicial task of deciding appeals against orders passed by the officers lower in rank than the Commissioner. In its functioning, the Board is assisted by the following attached/subordinate offices:-

- i. Directorate of Central Excise Intelligence
- ii. Directorate of Revenue Intelligence
- iii. Directorate of Inspection
- iv. Directorate of Human Resource Development
- v. National Academy of Customs,  
Excise and Narcotics
- vi. Directorate of Vigilance
- vii. Directorate of Systems

- viii. Directorate of Data Management
- ix. Directorate of Audit
- x. Directorate of Safeguards
- xi. Directorate of Export Promotion
- xii. Directorate of Service Tax
- xiii. Directorate of Valuation
- xiv. Directorate of Publicity and Public Relations
- xv. Directorate of Logistics
- xvi. Directorate of Legal Affairs
- xvii. Office of Chief Departmental Representative
- xviii. Central Revenues Control Laboratory

The Principal Chief Controller of Accounts for CBEC is responsible for accounting the revenue collections as well as expenditure incurred by the Department.

The Demand covers provision for a work force of 54,968 officers and staff, of which 29.90% are gazetted officers and the remaining are non-gazetted employees.

The activities indicating 'outlays' and 'outcomes' for the financial year 2012-13 are given in the subsequent statement.

## STATEMENT OF OUTLAYS AND OUTCOMES 2012-13

| S. No. | Name of the Scheme/Programme                      | Objective/Outcome                               | Outlay 2012-13 (₹ In Crore) | Quantifiable Deliverables/ Physical Outputs     | Projected Outcomes   | Processes/ Timelines                              | Remarks/ Risk Factors  |
|--------|---|---|-----------------------------|---|--|---|--|
| 1      | 2   | 3   | 4                           | 5   | 6  | 7   | 8  |
|        |   |   | 4(i)<br>Non-Plan            |   |  |   |  |
|        |   |   |                             | 4(ii)<br>Plan                                   |  |   |  |
| 1.     | Major Head 2037 and 2038 - Information Technology | Strengthening of IT capability for e-governance | 150.00                      | - Setting up of an All-India Wide Area Network. | C o u n t r y - w i d e connectivity of all offices under CBEC to the National Data Centre, Business Continuity and Disaster Recovery Sites. | The Wide Area Network (WAN) has been implemented. | The WAN is under operational support and maintenance.<br>Increase in bandwidth is being provisioned to cater to increased demand.<br>Provision of internet bandwidth is planned to enable filing of Central Excise and Service Tax returns which has been made mandatory.<br>A l t e r n a t e connectivity between data Centre and Disaster Recovery Site is being provided to ensure redundancy. |

| 1                | 2             | 3 | 4  | 5   | 6  | 7  | 8  |
|------------------|---------------|---|--|---|--|--|--|
| 4(i)<br>Non-Plan | 4(ii)<br>Plan |   |  | <p>- Installation of Central servers (hardware, storage and security infrastructure) i.e. Systems Integration</p> | <p>Acquiring of new generation servers and storage equipment to provide centralized computing, data storage, security infrastructure, facilities management and related functionalities to all Departmental and external users accessing the CBEC system. All relevant applications would be hosted on the centralized infrastructure.</p> | <p>The project has been implemented. Equipment has been installed and commissioned and System Acceptance milestone reached, i.e. applications for customs and central excise and service tax have been ported and are running from the three national data centres. Personnel have been deployed for extending Facility Management support for five years.</p> | <p>The project has been implemented and is under Facilities Management.</p>  |
|                  |               |   |  | <p>- Provision of local area network to all departmental users</p>  | <p>Provision of local area network to all Departmental users.</p>  | <p>Local Area Network Connectivity has already been provided to CBEC users in 1166 buildings with requisite IT hardware such as Thin Clients, Network Printers, Print Servers, and Scanners etc.</p>   | <p>The LAN has been implemented and is under technical support and maintenance. The facilities are being enhanced to meet the demand for additional nodes and equipment such as line printers.</p> |
|                  |               |   | <p>- Establishment of Data Warehouse</p> | <p>CBEC would become a centralized repository of all Customs, Central Excise and Service</p>                      | <p>The Data Warehouse has been implemented.</p>  | <p>The Data Warehouse is under technical support and maintenance.</p>  |  |

| 1  | 2             | 3   | 4  | 5  | 6   | 7   | 8   |
|--|---------------|---|--|--|---|---|---|
| 4(i)<br>Non-Plan   | 4(ii)<br>Plan | <p>Tax Data. This would be available to all user groups over the MPLS network (CBEC WAN) with user friendly interface, for analytical reporting purposes including data mining.</p> | <p>A d d i t i o n a l licences are being procured for CBEC officers for facilitating access to the data Warehouse. It is planned that the TAX 360 pilot p r o j e c t implemented for Seamless Data Exchange between CBEC, CBDT and the Sales Tax Administration of the State of Maharashtra shall be extended to other States.</p> | <p>The ACES project has been implemented in all 104 states and Union Territories. The project is under technical support and maintenance. A d d i t i o n a l functionalities are planned such as detailed MIS Reports covering Central Excise and Service Tax Registration, Returns, Audit and Refunds. Further, the ACES website</p> | <p>Ensuring a large degree of transparency and reduced interface with Central Excise and Service Tax assesseees through automated workflow of all business processes.</p> | <p>Ensuring a large degree of transparency and reduced interface with Central Excise and Service Tax assesseees through automated workflow of all business processes.</p> | <p>Ensuring a large degree of transparency and reduced interface with Central Excise and Service Tax assesseees through automated workflow of all business processes.</p> |
| <p>- Automation of Central Excise &amp; Service Tax (ACES)</p> |               |   |  |  |   |   |   |

| 1                | 2             | 3 | 4  | 5  | 6   | 7 | 8 |
|------------------|---------------|---|--|--|---|---|---|
| 4(i)<br>Non-Plan | 4(ii)<br>Plan |   | <p>- Gateway Project for Customs upgradation</p> | <p>The Gateway project aims to link the Customs community through a single network. E-filing of Customs document through this project has improved on-line assessment, duty payment and clearance procedure. The up gradation exercise for the gateway project is for development of capabilities to handle electronic transaction in a consolidated environment and enhancement of quality of service delivery to the Customs Trading Partners.</p> | <p>Migration from the ICES 1.0 to the upgraded ICES 1.5 is now implemented at 103 Customs locations. New EDI System (ICES 1.5) was completed for all 41 locations. E-filing of Customs document included in the project April 2011. The upgraded application includes on-line Customs facility for online assessment, duty payment and version 1.5 has been implemented at 103 registration locations. DFIA licences, ICEGATE for ICES 1.5 is now operational at 103 Customs locations. e-payment of customs duties from any of the authorized banks. Other modules such as automation of precious cargo, greater integration with ACES and RMS, and online interface with SEZ are under development. At present 103 messages are</p> |   |   |

| 1 | 2                | 3 | 4             | 5   | 6   | 7   | 8  |
|---|------------------|---|---------------|---|---|---|--|
|   | 4(i)<br>Non-Plan |   | 4(ii)<br>Plan |   |   |   | <p>operational between customs and its Trade Partners through ICEGATE. New functionalities proposed to be included in ICEGATE include mandatory e-payment through 17 Banks for all the Customs locations, implementation of online transfer of licenses such as DFIA, reward scheme etc. and implementation of e PAO. It is also proposed to implement the remaining messages with the Trade Partners finalized in consultation with them and to implement messages for online interface with SEZ.</p> |
|   |                  |   |               | <p>- Setting up of Risk Management System (RMS)</p> | <p>RMS seeks to provide trade facilitation and effective enforcement through intelligent interdiction of only</p> | <p>A new version of Risk Management System (RMS 3.1) compatible with the ICES 1.5 version has been implemented.</p> | <p>Augmented version of Risk Management System (RMS 3.1) compatible with the ICES 1.5 version has been implemented.</p>  |



| 1   | 2   | 3  | 4   | 5  | 6  | 7  | 8                                       |
|---|---|--|---|--|--|--|---|
| 4(i)<br>Non-Plan  | 4(ii)<br>Plan   | <p>high risk cargo for customs along with an assured customs clearance procedure for special clients having good track record and who meet specified criteria identified by the Customs.</p> | <p>The new version (RMS 3.1) is operational in 69 Customs locations including the 23 locations where old version (RMS 2.7) was in existence. It is planned that the RMS will be implemented at additional sites and the extent of trade facilitation being provided will be enhanced. RMS for export cargo is also planned.</p> | <p>the ICES 1.5 version has been implemented and is now rolled out in 69 customs locations.</p>  | <p>- The portal facilitates for tax payers in their interaction with Central Excise &amp; Service Tax and Income Tax/ Corporate Tax. There will be single point interface between Tax Administration of CBEC/CBDT and Large Taxpayers.</p> | <p>- An LTU specific website has been developed. The LTUs are currently operational at Bangalore, Chennai, Delhi and Mumbai.</p>                             | <p>Website for LTU has been set up.</p> |
| 2. Major Head 4047 - Preventive Functions - Acquisition of ships and fleets | Strengthening Anti-smuggling capability and improved coastal security | <p>10.18</p>   | <p>NIL</p>  | <p>In Category-II, 08 vessels are expected to be delivered to the Department during 2011-12.</p> | <p>Modern fast vessels will strengthen anti-smuggling capability of Customs Department. Improved coastal security will greatly</p>   | <p>The orders for procurement of Category I, IIIA and III B vessels numbering 87 were placed to the Boat Builders in the month of March, 2007. Order for</p> | <p>---</p>                              |

| 1                | 2             | 3  | 4     | 5   | 6   | 7   | 8   |
|------------------|---------------|--|-------|-----|---|---|---|
| 4(i)<br>Non-Plan | 4(ii)<br>Plan | <p>3. Major Head 4047 - Acquisition of Anti-smuggling equipments</p> <p>Facilitate cargo clearance, efficient handling of increased volume of container traffic, improved Customs control through non-intrusive examination.</p> | 76.97 | NIL | <p>Installation of 3 Mobile Gamma Ray Scanners, placement of order and start of civil construction for 4 Fixed X-Ray Scanners at a total project cost of ₹ 172.94 crore (recurring) and ₹ 18.61 crore per annum (non-recurring)</p> | <p>help in curbing smuggling of dangerous/prohibited goods, prevention of environment hazards and protection of endangered species.</p> <p>In Category-III A and 33 in III-B were delivered by the Boat builder by June, 2009.</p> <p>In Category-I, delivery of all 24 vessels was completed by August, 2010.</p> <p>In Category-II, 08 vessels have been received up to December, 2010. Delivery of all 22 vessels in this category will be completed in 2011-12.</p> | <p>The lease agreement for acquiring land for installation of 3 mobile scanners and 4 fixed scanners have been signed with the port authorities. The contracts for supply and installation of all 07 Scanners have been signed with eligible bidders. 3 mobile scanners and 4 fixed</p> |

| 1                | 2             | 3   | 4     | 5   | 6  | 7   | 8  |
|------------------|---------------|---|-------|---|--|---|--|
| 4(i)<br>Non-Plan | 4(ii)<br>Plan | <p>4. Major Head 4059 - To meet shortfall in office accommodation of Office Accommodation</p> | 28.00 | <p>NIL The purchase of office accommodation will bridge the shortfall in requirement of office space.</p> | <p>The Scanning Systems will help in detection of larger number of cases of irregularities. This will also result in increased revenue collection and fast clearance of cargo etc.</p> | <p>scanners are scheduled to be installed in F.Y. 2012-13 and 2013-14 respectively.</p> | <p>-Further payment in respect of office space in NBCC building, Saket, New Delhi purchased in March, 2008.</p> <p>-Payment of stamp duty and other charges to be made to local authority i.e. Municipal Corporation of Greater Mumbai in respect of building purchased from Undertaking of Unit Trust of India in November, 2006 at Mumbai.</p> <p>-Payment for purchase of office accommodation at Guwahati and for other small proposals likely to be made.</p> |

| 1  | 2  | 3  | 4                | 5             | 6  | 7   | 8  |
|----|--|--|------------------|---------------|--|---|--|
|    |  |  | 4(i)<br>Non-Plan | 4(ii)<br>Plan |  |   |  |
| 5. | Major Head 4216 - Acquisition of Residential Accommodation | To meet shortfall in residential accommodation | 4.00             | NIL           | The purchase of residential accommodation will bridge the shortfall in requirement. The availability of residential premises at Aizawl and other lead to higher staff payments in respect of CPWD, Ministry of Urban Development, SFC etc. after following the due procedure prescribed in GFRs. | The availability of residential accommodation will Aizawl and other lead to higher staff payments in respect of CPWD, Ministry of Urban Development, SFC etc. after following the due procedure prescribed in GFRs. | The proposals involve obtaining clearance from CPWD, Ministry of Urban Development, SFC etc. after following the due procedure prescribed in GFRs. |

**REFORM MEASURES AND POLICY INITIATIVES**  
**CENTRAL BOARD OF EXCISE & CUSTOMS**

**Initiatives on Computerization and Automation**

A futuristic and ambitious project of computerisation has been taken up to consolidate the Customs, Excise and Service Tax Servers, to bring all the system on a single network/platform, to set up a Data Warehouse and Disaster Recovery site and is currently under implementation. A Risk Assessment/Management software has been developed for identification of potential duty evaders/smugglers and facilitate compliant trade. A Risk Management Division has been established to give focused and specified attention to this area.

The above measures, intended to provide benefit to both the Department and its clients, are to facilitate the assessment and collection of duty and to further consolidate the strength of Department in the following ways:

- a) Speedier Clearance of Cargo.
- b) Reduction in number of stages, transaction time and costs.
- c) E-filing of customs documents through the Gateway, on line assessment, duty payment and clearance procedures.
- d) E-payment of customs duty through Nationalised banks with Core Banking Solution.
- e) Electronic Credit of drawback into the bank.
- f) Interactive voice response systems like tele-enquiry, touch screen kiosks, SMS etc.
- g) Encouraging Voluntary Compliance.
- h) Simplification of procedures.
- i) Synergy between various tax systems.
- j) Transparency.
- k) Minimization of manual interface.

The consolidation project of computerisation at a cost of ₹ 598.97 crore was cleared by the Cabinet in November, 2007. The contracts for execution of various components of the project were given to various vendors and work is in progress.

**Large Tax Payers Units (LTUs)**

As an important measure for trade facilitation, the concept of Single Window Service for Large Tax Payers paying excise duty, income tax/corporate tax and service tax has been initiated. First LTU was operationalised in Bengaluru during 2006-07. Second LTU at Chennai became operational during 2007-08. In 2008-09, LTUs were operationalised at Mumbai and Delhi.

**Help Centres**

The opening of the Help Centres since July 2005 at all Customs and Central Excise Zones is a pioneering venture in public private partnership in the sovereign function of tax collection. These centres provide an institutional mechanism for small tax payers, assesseees, importers, exporters and service providers in the form of guidance and education to them.

**Container Scanners**

With the successful completion of Pilot Project with the installation of one Mobile Gamma Ray Container Scanner and one Fixed X-Ray Container Scanner at Jawaharlal Nehru Port Trust (JNPT), Nhava Sheva, Mumbai, a major step was taken towards facilitation of cargo clearance, efficient handling of increased volume of container traffic and improved customs control through non-intrusive examination. In view of encouraging results, the procurement process for 3 Mobile Gamma Ray Scanners and 4 Fixed X-Ray Scanners at other major ports at a cost of ₹ 172.94 crores (non-recurring) and ₹ 18.61 crore per annum (recurring) has started after obtaining Cabinet clearance in October, 2006. Tender for acquisition of 3 Mobile Scanners for installation at Kandla, Chennai and Tuticorin was re-floated in January, 2009 and tender for procurement of 4 Fixed Scanners for installation at Kandla, Chennai, Tuticorin and Mumbai was floated in November, 2008. Sanction for acquisition of Mobile Scanners has been issued on 6<sup>th</sup> August, 2010 and for acquisition of Fixed Scanners on 24<sup>th</sup> September, 2010. The lease agreement for acquiring land for installation of 3 mobile scanners and 4 fixed scanners have been signed with the port authorities. The contracts for supply and installation of all 07 Scanneers have been signed with eligible bidders. 3 mobile scanners and 4 fixed scanners are scheduled to be installed in F.Y. 2012-13 and 2013-14 respectively.

**Marine Fleet**

The strategic importance of Customs Maritime Fleet along the Coast as a preventive arm of the Department to protect the country's maritime trade and enforce Import/Export provisions of Customs Act has been duly acknowledged, especially in view of the growing threats of smuggling of arms and ammunition for terrorism and anti-national activities and that of narcotics drugs. A review of the existing fleet and future requirements was made and proposal for replacing outlived, old and dilapidated vessels with modernized and fast moving vessels in a phased manner at a cost of ₹ 277.27 crore was cleared by the Cabinet in February, 2007.

Under the plan, customs organization was to get 109 modern vessels of different categories with the following features and purposes:-

| Category of Vessels         | Features  | Purpose                                       |
|-----------------------------|---|---|
| Category-I (24 vessels)     | Speed – 25 knots, 20M length with high endurance    | Coastal patrolling and surveillance           |
| Category-II (22 vessels)    | High Speed-40 knots, 12M length with less endurance | Immediate interception of suspected vessels   |
| Category-III-A (30 vessels) | Speed – 30 knots, 9M length with low endurance      | Useful in shallow waters, creeks and harbours |
| Category-III-B (33 vessels) | Speed – 35 knots, 6M length with low endurance      | Useful in shallow waters, creeks and harbours |

All vessels in Category-I, Category-III A and Category-III B have been received and deployed under user Commissionerates to carry out anti smuggling operations. In Category-II, 08 vessels have been received and delivery of remaining vessels is likely to be completed within Financial Year 2011-12.

#### Utilization of 1% Incremental Revenue as Incentive Provision

In pursuance to Department of Expenditure's guidelines/instructions on expenditure management permitting revenue generating departments to prepare scheme to utilize 1% of incremental revenue to encourage greater efforts at garnering revenue, enhancing organizational efficiency, infrastructure and wherewithal, proposal for earmarking 1% incremental revenues

collected during 2005-06 and 2006-07 amounting to ₹ 71.42 crore and ₹ 113.63 crore respectively (total amount of ₹ 185.05 crore) towards such schemes have been approved. Out of this amount, expenditure of ₹ 86.26 crore has been incurred during 2007-08 to 2010-11. Year-wise break-up is given below:-

(₹ in crore)

| Year         | Expenditure incurred |
|--------------|----------------------|
| 2007-08      | 29.41                |
| 2008-09      | 16.12                |
| 2009-10      | 27.70                |
| 2010-11      | 13.03                |
| <b>Total</b> | <b>86.26</b>         |

During 2011-12, funds of ₹ 14.82 crore have been released to field formations for schemes sanctioned under 1% incremental revenues. In the expenditure budget of 2012-13 also, ₹ 32.00 crore have been provided on this account.

Some of the schemes sanctioned for improvement in infrastructure are given below:-

- Capacity building/improvement of infrastructure in Central Excise and Customs Ranges.
- Capacity building towards training facilities at NACEN.
- Capacity building for PAOs.
- Reimbursement of Mobile Phone charges to officers working in the field so as to remain in touch with senior officers at Headquarters.
- Provision of Laptops to officers in the field formations towards improvement in monitoring of tax collection, investigation and intelligence work.
- Hiring of vehicles for increasing organisational efficiency and outdoor preventive activities.

Review of Past Performance

STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2010-11

| S. No. | Name of the Scheme/Programme                      | Objective/Outcome                            | Outlay 2010-11 (₹ In Crore)       | Quantifiable Deliverables/ Physical Outputs | Processes/ Timelines | Risk Factors   | Status as on 31st Mar 2011  |
|--------|---|--|-----------------------------------|---|----------------------|--|---|
| 1      | 2   | 3  | 4                                 | 5   | 6                    | 7  | 8   |
| 1.     | Major Head 2037 and 2038 - Information Technology | Strengthening of capability for e-governance | 4(i) BE 150.00<br>4(ii) RE 106.00 |   |                      | <p>506 sites out of 539 sites have been in change management. d e l i v e r e d .</p> <p>Implementation Work comprising Phase-I and Phase-II has been declared closed. Other sites will be delivered by the vendor soon.</p> <p>- Setting up of an All-India Wide Area Network (WAN).</p> <p>Contract for Establishment of a Data Centre and All India Wide Area Network at a total cost of ₹ 77 crore was awarded to the consortium of BSNL, VSNL and HP. Out of 539 sites, WAN has been implemented at 506 sites. With this, WAN Project has been completed except for sites facing shifting or other force majeure issues. Helpdesks have been provisioned to address user complaints.</p> <p>Equipment has been installed and revised cost was obtained on 09.08.2007 and System Acceptance milestone reached i.e. 29.11.2007 respectively</p> | <p>Against RE of ₹ 106.00 crore, the expenditure up to March, 2011 is ₹ 145.58 crore.</p> <p>Equipment has been installed and commissioned and System Acceptance milestone reached i.e.</p> |

| 1 | 2          | 3 | 4           | 5 | 6  | 7   | 8 |
|---|------------|---|-------------|---|--|---|---|
|   | 4(i)<br>BE |   | 4(ii)<br>RE |   | software applications for customs, central excise and service tax have been ported and are running from the three national data centres. | milestone reached i.e. software applications for customs, central excise and service tax have been ported and are running from three national data centres. |   |
|   |            |   |             |   |  | A Network Operations Centre has been set up for providing support for applications users and pro-active monitoring of the infrastructure.                   |   |
|   |            |   |             |   |  | A helpdesk is in operation for infrastructure and applications support for operations and resolution of the end user problems.                              |   |
|   |            |   |             |   |  | A Single Sign-on application has also been configured and rolled out for providing policy based access for officers to different                            |   |



| 1 | 2          | 3 | 4           | 5  | 6   | 7  | 8   |
|---|------------|---|-------------|--|---|--|---|
|   | 4(i)<br>BE |   | 4(ii)<br>RE |  |   |  | <p>applications.<br/>                     Mail messaging solution has been made online from Data Centre to provide official mail accounts.<br/>                     Out of 1210 sites, LAN connectivity has been provided in 1154 sites. By using LAN, the offices under CBEC are able to connect/access the central computing facility. With this, LAN Project has been completed except for sites facing shifting or other force majeure issues. Helpdesks have been provisioned to address user complaints.</p> <p>Various analytical reports on Customs, Central Excise and Service Tax have been developed and</p> |
|   |            |   |             | <p>- Provision of local area network (LAN) to all departmental users</p> | <p>- Under Phase-I, LAN connectivity has been revised provided to CBEC users spread over 175 buildings.</p> | <p>- Under Phase-II, LAN connectivity has been provided at 900 sites. Work is in progress in 70 sites including 65 sites where there are force majeure issues which are being addressed.</p> | <p>Under Phase-I, LAN CNE/CCEA approval for cost was obtained.</p> <p>Under Phase-II, LAN connectivity has been provided at 900 sites. Work is in progress in 70 sites including 65 sites where there are force majeure issues which are being addressed.</p>   |
|   |            |   |             | <p>- Establishment of Data warehouse.</p>                                |   |  | <p>Based on timelines of other projects, both Phase-I (Customs data) and Phase-II (Central Excise and Service Tax data) are likely to be based on First set of reports showing collections in Central Excise and Service Tax time-wise, assessee-wise, location wise, minor account head-wise etc. has gone live.</p>   |

| 1          | 2           | 3 | 4 | 5   | 6                         | 7   | 8   |
|------------|-------------|---|---|---|---------------------------|---|---|
| 4(i)<br>BE | 4(ii)<br>RE |   |   |   | implemented by May, 2010. | Data base modeling for hosted on the portal pilot is completed and the development of Pilot Acceptance Testing ETL (Extraction of data from source systems and loading into the Data Warehouse) as well as Reports has commenced. The strategy for Pilot User Acceptance Testing is underway. | Various data mining reports for determining reference price for imports and Central Excise have been prepared. Automated cluster formation exercise for sensitive commodities has been done. Supplier profiling has also been accomplished. |
|            |             |   |   | -Automation of Central Excise & Service Tax (ACES) with all modules has been completed on 23.12.2009 in all 104 Commissionerates of Central Excise and Service Tax. |                           | ACES has been rolled out nationally with all modules on 23.12.2009 in all 104 Commissionerates of Central Excise, Service Tax and Large Taxpayer Units.   |   |

| 1          | 2           | 3 | 4 | 5  | 6  | 7   | 8  |
|------------|-------------|---|---|--|--|---|--|
| 4(i)<br>BE | 4(ii)<br>RE |   |   | <p>- Gateway Project for Customs upgradation</p> | <p>Work has been almost completed. Remaining work is mainly pertaining to integration of maps developed with the back end ICES 1.5 application and trading partners' applications.</p> | <p>Availability of ICES 1.5 application for Air, Sea and ICD and readiness of trading partners.</p>   | <p>The self learning online tutorial called Learning Management Software has also been developed and is available at ACES website.</p> |
|            |             |   |   |  |  | <p>Out of 104 prominent Customs locations, Electronic Data Interchange (EDI) facilities in 90 locations are in operation. 37 locations (Airports &amp; ICDs) have been migrated to centralized database running on ICES 1.5. Messages relating to Custodian and Airlines have been developed.</p> | <p>Remaining items of work are mainly pertaining to integration of maps, developed</p>   |

| 1 | 2          | 3 | 4           | 5   | 6   | 7  | 8   |
|---|------------|---|-------------|---|---|--|---|
|   | 4(i)<br>BE |   | 4(ii)<br>RE | <p>- Setting up of Risk Management System (RMS)</p> | <p>The Import module of RMS has been successfully commissioned in all the 23 locations, in 13 cities. Export module has been ported in Data Centre and User Acceptance Testing is in progress. For container selection, RMS at Nhava Sheva Custom House is working.</p> | <p>Availability of ICES 1.5 application.</p>   | <p>RMS is operational in all major Customs Ports/ Airports, covering more than 85% of India's international trade. RMS in 24 Export Promotion Schemes is also operational at all these locations.</p> |
|   |            |   |             |   |   | <p>with the back end ICES 1.5 application, especially messages relating to Seaports.</p> |   |
|   |            |   |             |   |   |  | <p>A new version of RMS application (RMS 3.1) has been deployed on central server and is in operation at 47 locations including 20 old RMS sites and 27 other EDI locations.</p>                      |
|   |            |   |             |   |   |  | <p>The Accredited Client Programme (ACP) is a major feature of the RMS, whereby certain importers are</p>   |

| 1  | 2  | 3   | 4          | 5           | 6  | 7     | 8   |
|----|--|---|------------|-------------|--|-------|---|
|    |  |   | 4(i)<br>BE | 4(ii)<br>RE |  |       |   |
|    |  |   |            |             |  |       | identified as highly compliant and these ACP clients are given assured facilitation by the RMS.   |
|    |  |   |            |             |  |       | Website for LTU has been set up. LTUs are currently operational at Bangalore, Chennai, Delhi and Mumbai.  |
| 2. | Major Head 4047 - Preventive Functions - Acquisition of ships and fleets | Strengthening Anti-smuggling capability and improved coastal security | 48.00      | 42.00       | <p>- Setting up of a portal for Large Taxpayer Units (LTU) to facilitate tax payers.</p> <p>- An LTU specific website has been developed. The LTUs are currently operational at Bangalore, Chennai, Delhi and Mumbai. Other LTU at Kolkata is planned to be operationalised during 2010.</p>   | ----- | For acquisition of marine vessels, revised proposal for acquiring 109 vessels at a cost of ₹ 277.27 crores was approved by CCEA on 22.02.2007. Orders for procurement of 24 vessels in Category-I were placed with M/s Gold Bridge, Malaysia and for procurement of 30 vessels in Category-III A and 33 vessels in Category-IIIB with M/s |
|    |  |   |            |             | <p>The orders for procurement of Category I, III A and III B vessels numbering 87 were placed to the Boat Builders in the month of March, 2007. Order for supply of Category II vessels numbering 22 has been placed with the Boat Builder in December, 2008.</p> <p>In Category-III A and IIIB, all vessels (30 in III-A and 33 in III-B) have been delivered by the Boat builder.</p> <p>Out of 24 vessels in Category-I, delivery of 15</p> |       |   |
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|   |   |   | 4(i)<br>BE | 4(ii)<br>RE | vessels have been received so far and 3 more vessels are expected to be delivered by March, 2010. Delivery of all vessels in this category will be completed in 2010-11. | In Category-II, 3 vessels are expected to be received by March, 2010. Delivery of all 22 vessels in this category will be completed in 2011-12. | Brunswick, Singapore. Contract for supply of 22 vessels of Category-II was signed with M/s Al Dhaen Crafts, Bahrain.   |
|   |   |   |            |             | 11.  | In Category-I, delivery commenced by the Boat Builder in September, 2008 and all 24 vessels have been received by August, 2010.                 | Delivery of Category-III A and III B vessels commenced from January, 2008 and all vessels in these categories have been received by June, 2009. In Category-II, 8 vessels have been received up to 31.12.2010 including 2 vessels received during 2009-10. |
|   |   |   |            |             | 12.  | Against RE of ₹ 42.00 crore, the expenditure up to  |  |

| 1          | 2           | 3  | 4     | 5   | 6   | 7  | 8  |
|------------|-------------|--|-------|---|---|--|--|
| 4(i)<br>BE | 4(ii)<br>RE | <p>3. Major Head 4047 - Facilitate cargo clearance, efficient handling of increased volume of container traffic, improved Customs control through non-intrusive examination.</p> | 73.00 | <p>Installation of 3 Mobile Gamma Ray Scanners, placement of order and start of civil construction for 4 Fixed X-Ray Scanners at a total project cost of ₹ 172.94 crore (recurring) and ₹ 18.61 crore per annum (non-recurring)</p> | <p>3 mobile scanners are likely to be installed and commissioned during 2010-11. Supply order for installation of 4 fixed scanners would be placed during 2010-11. After installation, fixed scanners are expected to be commissioned in 2011-12.</p> | <p>Progress of the project depends on acquisition of land from the Port authorities and timely approval from statutory authorities. The progress is being monitored by the Project Implementation Committee.</p> | <p>March, 2011 is ₹ 21.87 crore.</p>   |
|            |             |  |       |   |   |  | <p>For acquisition of scanners, Project Implementation Committee is functioning.</p> <p>For acquisition of land from Port Authorities for installation of scanners at 4 locations at Tuticorin, Chennai, Mumbai and Kandla, lease rent to be paid to the Ports has been quantified as 30% of normal rates by Ministry of Shipping. However, lease agreement with Port Authorities, which is different the earlier lease deed format consented by Customs Department, has not been signed. The revised lease format which contains some impractical</p> |

| 1          | 2           | 3 | 4 | 5 | 6 | 7 | 8   |
|------------|-------------|---|---|---|---|---|---|
| 4(i)<br>BE | 4(ii)<br>RE |   |   |   |   |   | <p>clauses has been taken up with Ministry of Shipping for deletion of the said clauses.</p>  |
|            |             |   |   |   |   |   | <p>Global tender for acquisition of 3 Mobile Gamma Ray Scanners was re-floated in January, 2009, technical bids were opened on 03.03.2009 and price bids on 07.12.2009. Evaluation of bids was done by Tender Evaluation Committee on 22.12.2009. Sanction for acquisition of 3 mobile scanners through selected bidder has been issued on 06.08.2010. Global tender for 4 X-ray Scanners was floated in November, 2008 and technical bids were opened on</p> |



| 1          | 2   | 3   | 4   | 5  | 6  | 7  | 8 |
|------------|---|---|---|--|--|--|---|
| 4(i)<br>BE | 4(ii)<br>RE   | 23.03.2009 and considered by Technical Evaluation Committee on 22.12.2009. Price bids were opened on 29.03.2010 and Sanction for acquisition of 4 fixed scanners through selected bidder has been issued on 24.09.2010. | Against RE of ₹ 36.95 crore, expenditure incurred up to March, 2011 is ₹ 11.33 crore. | The purchase of office accommodation will bridge the shortfall in requirement of office space. | -Further payment in respect of office space in NBCC building, Saket, New Delhi purchased in March, 2008.<br><br>-Payment of stamp duty and other charges to be made to local authority i.e. Mumbai Municipal Corporation in respect of building purchased from Specified Undertaking of Unit Trust of India in November, 2006 at Mumbai. | Payment in such cases depends on various formalities involving NBCC in New Delhi for use by different concerned authorities.<br><br>For purchase of office space from NBCC in New Delhi for use by different concerned authorities, an advance payment of ₹ 30.00 crore was made in March, 2008. Part payment of ₹ 7.95 crore was also made to NBCC up to March, 2010 on completion of 75% |   |
| 4.         | Major Head 4059 - Acquisition of Office Accommodation | To meet shortfall in Office Accommodation   | 132.00  | 51.00  |  |  |   |

| 1 | 2          | 3 | 4           | 5 | 6 | 7 | 8  |
|---|------------|---|-------------|---|---|---|--|
|   | 4(i)<br>BE |   | 4(ii)<br>RE |   |   |   | <p>of interior work in the office space. Other payment has not been made as the completion certificate has not been obtained by the NBCC which is necessary for execution of sublease agreement between NBCC and CBEC.</p> <p>Payment of stamp duty and other charges in respect of building purchased from SUUTI at Mumbai payable to local authority i.e. Municipal Corporation of Greater Mumbai is still pending as dispute regarding rate of stamp duty is yet to be settled.</p> <p>Other proposals for purchase of office accommodation from TNSCB at Chennai and office space for LTU,</p> |

| 1          | 2   | 3   | 4     | 5  | 6   | 7   | 8   |
|------------|---|---|-------|--|---|---|---|
| 4(i)<br>BE | 4(ii)<br>RE   | <p>Major Head 4216 - To meet shortfall in Residential Accommodation</p> | 11.00 | <p>The purchase of Residential accommodation will bridge the shortfall in requirement.</p> | <p>-Payment for purchase of office accommodation at Chennai from TNSCB, purchase of office space for LTU at Kolkata and for other small purposes likely to be made.</p> | <p>Kolkata have been dropped.</p> <p>Against RE of ₹ 51.00 crore, expenditure incurred up to March, 2011 is 88.92 crore.</p>  | <p>For purchase of 67 flats at National Games Housing Complex at Ranchi, payment of ₹ 12.04 crore was made in two instalments. Balance payment of ₹ 1.24 crore would be made at the time of taking possession.</p> <p>Proposal for purchase of residential accommodation at Shillong has not been finalised.</p> <p>Against RE of ₹ 2.00 crore, expenditure incurred up to March, 2011 is ₹ 0.97 crore.</p> |
| 5.         | <p>Major Head 4216 - To meet shortfall in Residential Accommodation</p> | 11.00   | 2.00  | <p>The purchase of Residential accommodation will bridge the shortfall in requirement.</p> | <p>Payment for purchase of residential premises at Shillong and other payments in respect of other ongoing projects likely to be made.</p>                              | <p>The proposals involve obtaining clearance from CPWD, Ministry of Urban Development, SFC etc. after following the due procedure prescribed in GFRs.</p> <p>For purchase of 67 flats at National Games Housing Complex at Ranchi, payment of ₹ 12.04 crore was made in two instalments. Balance payment of ₹ 1.24 crore would be made at the time of taking possession.</p> <p>Proposal for purchase of residential accommodation at Shillong has not been finalised.</p> <p>Against RE of ₹ 2.00 crore, expenditure incurred up to March, 2011 is ₹ 0.97 crore.</p> | <p>For purchase of 67 flats at National Games Housing Complex at Ranchi, payment of ₹ 12.04 crore was made in two instalments. Balance payment of ₹ 1.24 crore would be made at the time of taking possession.</p> <p>Proposal for purchase of residential accommodation at Shillong has not been finalised.</p> <p>Against RE of ₹ 2.00 crore, expenditure incurred up to March, 2011 is ₹ 0.97 crore.</p> |

## STATUS OF OUTCOME WITH REFERENCE TO OUTLAYS 2011-12

| S. No. | Name of the Scheme/Programme                      | Objective/Outcome                               | Outlay 2011-12<br>(₹ In Crore) | Quantifiable Deliverables/<br>Physical Outputs | Processes/<br>Timelines | Risk Factors  | Status as on 31st Dec 2011  |
|--------|---|---|--------------------------------|--|-------------------------|---|---|
| 1      | 2   | 3   | 4                              | 5  | 6                       | 7   | 8   |
| 1.     | Major Head 2037 and 2038 - Information Technology | Strengthening of IT capability for e-governance | 150.00<br>4(i)<br>BE           | 4(ii)<br>RE                                    | 150.00                  | <p>The Wide Area Network (WAN) has been linking over 500 buildings to the National Data Centre, Data Replication and DR Site has been set up to link CBEC officers with the national data centre and disaster recovery site. The Wide Area Network (WAN) has been implemented except for sites facing force majeure issues. Helpdesks have been provisioned to address user complaints on MPLS WAN connectivity.</p> <p>The Wide Area Network (WAN) has been linking over 500 buildings to the National Data Centre, Business Continuity and Disaster Recovery Sites.</p> | <p>Against RE of ₹ 150.00 crore, the expenditure up to December, 2011 is ₹ 87.33 crore.</p> |

| 1 | 2          | 3 | 4           | 5   | 6   | 7   | 8  |
|---|------------|---|-------------|---|---|---|--|
|   | 4(i)<br>BE |   | 4(ii)<br>RE | <p>- Installation of Central servers (hardware, storage and security infrastructure) i.e. Systems Integration</p> | <p>The Department would be acquiring new generation servers and storage equipment to provide centralized computing, data storage, security infrastructure, facilities management and related functionalities to all Departmental and external users accessing the CBEC system. All relevant applications would be hosted on the centralized infrastructure.</p> | <p>The project has been implemented. Equipment has been installed and commissioned and System Acceptance milestone reached, i.e. software applications for customs and central excise and service tax have been ported and are running from the three national data centres. Personnel have been deployed for extending Facility Management support for five years.</p> | <p>The project has been implemented, i.e. Equipment has been installed and commissioned and System Acceptance milestone reached, i.e. software applications for customs and central excise and service tax have been ported and are running from the three national data centres. Personnel have been deployed for extending Facility Management support for five years.</p> |
|   |            |   |             |   |   | <p>Additional information related to the project is as follows:</p>   | <p>A Network Operations Centre (NOC) has been set up for providing support for applications users and pro-active monitoring of the infrastructure. A helpdesk is in</p>  |

| 1   | 2          | 3 | 4           | 5 | 6 | 7 | 8 |
|---|------------|---|-------------|---|---|---|---|
|   | 4(i)<br>BE |   | 4(ii)<br>RE |   |   |   |   |
| <p>operation for infrastructure and applications support for operations and resolution of the end user problems. A Single Sign-on (SSO) application has also been configured and rolled out for providing policy based access for CBEC's officers to d i f f e r e n t applications. SSO ids have been created for about 19,000 officers. The mail messaging solution has been made online from Data Center to provide official mail accounts to about 20,000 officers. In July, 2011</p> <p>Local Area Network Provision of local area network to all departmental users. Connectivity has already been provided to CBEC users in 1166 buildings with requisite IT hardware such as Thin Clients, Network Printers, Print Servers, and Scanners etc. IT requisite hardware such as</p> |            |   |             |   |   |   |   |

| 1 | 2          | 3 | 4           | 5 | 6 | 7  | 8  |
|---|------------|---|-------------|---|---|--|--|
|   | 4(i)<br>BE |   | 4(ii)<br>RE |   |   |  | <p>Thin Clients, Network Printers, Print Servers, and Scanners etc. Using LAN, the Commissionates, Customs Houses, Directorates, Divisions, ICDS, Land Customs Stations and the Central Excise/Service Tax Ranges are able to securely connect/access the central computing facility. With this the LAN Project has been completed except for sites facing shifting or other force majeure issues. Helpdesks have been provisioned to address user complaints on LAN issues.</p> |
|   |            |   |             |   |   | <p>- Establishment of Data Warehouse</p> | <p>The data warehouse has been implemented. DW called SmartView has been rolled out for Departmental users and comprehensive end-use training has been imparted to a large number of</p>   |

| 1 | 2          | 3 | 4           | 5 | 6   | 7         | 8  |
|---|------------|---|-------------|---|---|-----------|--|
|   | 4(i)<br>BE |   | 4(ii)<br>RE |   | (CBEC WAN) with user friendly interface, analytical reporting purposes including data mining. |           | officers. This has enabled, for the first time, a 360 degree view of the taxpayer across Customs, Central Excise & Service Tax. Smart View has a user - friendly interface for accessing pre-defined reports and multi - dimensional analysis, along with an ad-hoc query facility. It also has data mining and text mining capabilities, which are being used to assist RMD in profiling entities involved in Import and Export. Further, the Data Warehouse is also catering to data request from agencies outside CBEC (such as Ministry of Commerce and Industry, CAG, Competition Commission etc. |
|   |            |   |             |   |   | Around 75 | Customs, Central Excise and Service Tax pre-defined  |



| 1          | 2           | 3 | 4 | 5 | 6 | 7 | 8   |
|------------|-------------|---|---|---|---|---|---|
| 4(i)<br>BE | 4(ii)<br>RE |   |   |   |   |   | <p>reports have been developed so far in the Data Warehouse based on requirements taken from various field offices, Directorates (such as DRI, DGoV, DGCEI), TRU, Board etc. The ese reports are available to the user through CBECs applications' interface with a click of the mouse.</p>                                   |
|            |             |   |   |   |   |   | <p>Additionally, the TAX 360 project has been implemented as an extension of CBEC's Data warehouse project. It enables Seamless Data Exchange between CBEC, CBDT and the Sales Tax Administration of the State of Maharashtra, and allows a 360 degree view of a taxpayer across Income Tax, Service Tax, Central Excise,</p> |

| 1          | 2           | 3 | 4 | 5  | 6  | 7   | 8   |
|------------|-------------|---|---|--|--|---|---|
| 4(i)<br>BE | 4(ii)<br>RE |   |   |  |  |   | Customs and State VAT. Other States such as Gujarat have sent requests for implementation of similar projects for their States. |
|            |             |   |   | <p>- Automation of Central Excise &amp; Service Tax (ACES) Ensuring a large degree of transparency and reduced interface with Central Excise and Service Tax assesses through automated workflow of all business processes.</p>  | <p>ACES has been implemented in all 104 Central Excise and Service Tax Commissionerates.</p>                             | <p>All India roll out of ACES with all modules was completed on 23.12.2009 in all 104 Commissionerates of Central Excise and Service Tax.</p>   |   |
|            |             |   |   | <p>- Gateway Project for Customs upgradation The Gateway project aims to link the Customs community through a single network. E-filing of Customs document through this project has improved on-line assessment, duty payment and clearance procedure. The upgradation exercise for the gateway project is for development of capabilities to handle electronic transaction in a consolidated environment and enhancement of</p> | <p>The upgraded version of the Customs EDI System (ICES, version 1.5) has been implemented at 103 Customs locations.</p> | <p>Migration of the Customs EDI System to the upgraded version (ICES 1.5) has been completed. The upgraded version of the Customs EDI System (ICES, version 1.5) has been implemented at 103 Customs locations.</p> |   |

| 1          | 2           | 3 | 4 | 5  | 6   | 7   | 8 |
|------------|-------------|---|---|--|---|---|---|
| 4(i)<br>BE | 4(ii)<br>RE |   |   |  | <p>quality of service delivery to the Customs Trading Partners.</p>   |   |   |
|            |             |   |   | <p>- Setting up of Risk Management System (RMS)</p>                                      | <p>RMS seeks to provide trade facilitation and enforcement through intelligent interdiction of only high risk cargo for customs along with an assured customs clearance procedure for special clients having good track record and who meet specified criteria identified by the Customs.</p> | <p>With the migration of ICES from version 1.0 to version 1.5, a new version of Risk Management System (RMS 3.1) compatible with the ICES 1.5 version has been implemented.</p>   |   |
|            |             |   |   | <p>- Setting up of a portal for Large Taxpayer Units (LTU) to facilitate tax payers.</p> | <p>An LTU specific website has been developed. The LTUs are currently operational at Bangalore, Chennai, Delhi and Mumbai.</p>  | <p>The new version (RMS 3.1) is operational in 69 Customs locations including the 23 locations where old version (RMS 2.7) was in existence.</p> <p>The new version (RMS 3.1) is operational in 69 Customs locations including the 23 locations where old version (RMS 2.7) was in existence.</p> <p>Website for LTU has been set up. LTUs are currently operational at Bangalore, Chennai, Delhi and Mumbai.</p> |   |

| 1  | 2  | 3  | 4           | 5     | 6   | 7     | 8  |
|----|--|--|-------------|-------|---|-------|--|
| 2. | Major Head 4047 - Preventive Functions - Acquisition of ships and fleets | Strengthening smuggling capability and improved coastal security | 4(i)<br>BE  | 38.27 | <p>In Category-II, 08 vessels are expected to be delivered to the Department during 2011-12.</p> <p>Modern fast vessels will strengthen anti-smuggling capability of Customs Department.</p> <p>Improved coastal security will greatly help in curbing smuggling of dangerous/prohibited goods, prevention of environment hazards and protection of endangered species.</p> | ----- | <p>The orders for procurement of Category I, III A and III B vessels numbering 87 were placed to the Boat Builders in the month of March, 2007. Order for supply of Category II vessels numbering 22 was placed with the Boat Builder in December, 2008.</p> |
|    |  |  | 4(ii)<br>RE |       |   |       | <p>In Category-III A and III B, all vessels (30 in III-A and 33 in III-B) were delivered by the Boat builder by June, 2009.</p>  |
|    |  |  |             |       |   |       | <p>In Category-I, delivery of all 24 vessels was completed by August, 2010.</p>  |
|    |  |  |             |       |   |       | <p>In Category-II, 08 vessels have been received up to December, 2010. Delivery of all 22 vessels in this category will be completed in 2011-12.</p>   |



| 1          | 2           | 3 | 4 | 5 | 6  | 7  | 8  |
|------------|-------------|---|---|---|--|--|--|
| 4(i)<br>BE | 4(ii)<br>RE |   |   |   | <p>purchased from Specified Undertaking of Unit Trust of India in November, 2006 at Mumbai.</p> <p>-Payment for purchase of office accommodation at Chennai from TNSCB, purchase of office space for LTU at Kolkata and for other small proposals likely to be made.</p> | <p>of interior work in the office space. Other payment has not been made as the completion certificate has not been obtained by the NBCC which is necessary for execution of sublease agreement between NBCC and CBEC.</p> | <p>Payment of stamp duty and other charges in respect of building purchased from SUUTI at Mumbai payable to local authority i.e. Municipal Corporation of Greater Mumbai is still pending as dispute regarding rate of stamp duty is yet to be settled.</p> <p>Other proposals for purchase of office accommodation from TNSCB at Chennai and office space for LTU, Kolkata have been dropped.</p> |

| 1          | 2           | 3   | 4    | 5   | 6   | 7  | 8   |
|------------|-------------|---|------|---|---|--|---|
| 4(i)<br>BE | 4(ii)<br>RE | 5. Major Head 4216 - To meet shortfall in Residential Accommodation | 4.00 | The purchase of residential accommodation will bridge the shortfall in requirement. | Payment for purchase of residential premises at Shillong and other payments in respect of other ongoing projects likely to be made. | The proposals involve obtaining clearance from CPWD, Ministry of Urban Development, SFC etc. after following the due procedure prescribed in GFRs. | Against RE of ₹ 7.00 crore, no expenditure has been incurred up to December, 2011.  |
|            |             |   | 4.00 | The purchase of residential accommodation will bridge the shortfall in requirement. | Payment for purchase of residential premises at Shillong and other payments in respect of other ongoing projects likely to be made. | The proposals involve obtaining clearance from CPWD, Ministry of Urban Development, SFC etc. after following the due procedure prescribed in GFRs. | For purchase of 67 flats at National Games Housing Complex at Ranchi, payment of ₹ 12.04 crore was made in two instalments. Balance payment of ₹ 1.24 crore would be made at the time of taking possession. |
|            |             |   |      |   |   | Proposal for purchase of residential accommodation at Shillong has not been finalised.   | Against RE of ₹ 4.00 crore, no expenditure has been incurred up to December, 2011.  |

## OVERALL PERFORMANCE

### Salient features on overall performance of the Central Board of Excise and Customs (CBEC)

- Total Indirect Tax Revenues amounted to ₹ 3,43,705 crore in 2010-11. Union Excise Duties collection accounted for 39.87% (₹ 1,37,029 crore), Customs: 39.50% (₹ 1,35,780 crore) and Service Tax: 20.63% (₹ 70,896 crore).
- Indirect Tax Revenues have increased by 133.35% from ₹ 1,47,294 crore in 2003-04 to ₹ 3,43,705 crore in 2010-11.
- There has been 62.95% increase in Customs Duties collections and 32.24% increase in Union Excise Duties collections in 2010-11 with reference to previous year.
- Service Tax collections have increased by 40.08% in 2010-11 over previous year. Further, Service Tax collections have shown phenomenal growth of 798% from 2003-04 (₹ 7,891 crore) to 2010-11 (₹ 70,896 crore). The share of Service Tax in Indirect Tax Revenues has increased from 1% in 1995-96 to 20.63% in 2010-11.
- In 2011-12 up to December, 2011, Indirect Tax Revenue collections amounted to ₹ 2,85,787 crore constituting Union Excise Duties – ₹ 1,05,411 crore, Customs Duties – ₹ 1,12,670 crore and Service Tax – ₹ 67,706 crore.
- Total Indirect Tax collection up to December, 2011 have shown growth of 16.10% over the comparative period of previous financial year. Union Excise Duties, Customs Duties and Service Tax collections respectively have increased by 7.80%, 13.80% and 37.20% over the collections in the comparative period of previous year.
- The cost of collection for Customs Duties had increased from 0.51% in 2007-08 to 1.09% in 2009-10. However, the same has reduced to 0.67% in 2010-11. The cost of collection for Central Excise & Service Tax had also increased from 0.64% in 2007-08 to 1.32% in 2009-10 which has decreased to 1.00% in 2010-11. The cost of collection of Indirect Taxes are tabulated below:-

| Head of Duty                 | Cost of Collection |         |         |         |         |         |         |
|------------------------------|--------------------|---------|---------|---------|---------|---------|---------|
|                              | 2004-05            | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Customs                      | 0.77%              | 0.72%   | 0.56%   | 0.51%   | 0.72%   | 1.09%   | 0.67%   |
| Central Excise & Service Tax | 0.73%              | 0.67%   | 0.63%   | 0.64%   | 0.98%   | 1.32%   | 1.00%   |

● Indirect Tax Revenues have fallen from 5.3% of GDP in 2004-05 to about 4.0% of GDP in 2009-10.

● Average expenditure on pay and allowances and average collection of revenue per employee for last three years is given below:-

| Year    | Average expenditure on pay and allowances per employee (₹ in lakh) | Average collection of revenue per employee (₹ in crore) |
|---------|--|---|
| 2008-09 | 3.22   | 4.91  |
| 2009-10 | 4.20   | 4.37  |
| 2010-11 | 4.25   | 6.25  |

### E-Governance:

Directorate General of Systems has completed the implementation of the Information Technology (IT) Infrastructure Consolidation Project. The major infrastructure projects implemented as part of the Consolidation Project are: -

- (i) Wide Area Network (WAN) - An All India Wide Area Network linking 20,000 Departmental users to the National Data Centre, Data Replication and DR Site has been set up to link CBEC officers with the national data centre and disaster recovery site. The Wide Area Network (WAN) has been implemented except for sites facing force majeure issues. Helpdesks have been provisioned to address user complaints on WAN and LAN issues.
- (ii) System Integration - Three National Data Centres, i.e. the Primary Data Centre and Business Continuity Site in New Delhi and the Disaster Recovery Site in Chennai have been set up. Servers, storage and security equipment, etc have been installed in the data centres and software applications have been ported and are running from these data centres.

A Network Operations Centre (NOC) has been set up for providing support for applications users and proactive monitoring of the infrastructure.

A helpdesk is in operation for infrastructure and applications support for operations and resolution of the end user problems.

A Single Sign-on (SSO) application has also been configured and rolled out for providing policy based access for CBEC's officers to different applications. SSO ids have been created for about 19,000 officers. The mail messaging solution has been made online from Data Center to provide official mail accounts to about 20,000 officers.

In July 2011, the Directorate General of Systems and Data Management, CBEC was certified to ISO/IEC 27001:2005 Standard.



(iii) Local Area Networks (LAN) - Local Area Network Connectivity has been provided to CBEC users in about 1160 buildings with requisite IT hardware such as Thin Clients, Network Printers, Print Servers, and Scanners etc. Using LAN, the Commissionerates, Customs Houses, Directorates, Divisions, ICDs, Land Customs Stations and the Central Excise/Service Tax Ranges will be able to securely connect/access the central computing facility.

CBEC's major applications are now hosted on a single network and computing facility. Details are as under:

#### **Customs:**

Migration from the ICES 1.0 to the upgraded version of the Customs EDI System (ICES 1.5) was completed for all 41 Customs locations in April 2011. ICES 1.5 is now implemented at over 100 Customs locations. New functionalities included in the application include facility for online refund of service tax which marks the initial steps in the integration of ICES with ACES, online registration of DFIA licences, centralized bond management. Other modules such as automation of precious cargo, greater integration with RMS, and online interface with SEZ are under development.

ICEGATE is an infrastructure project that fulfils the department's EC/EDI and data communication requirements. The ICEGATE portal that provides e-filing services to the trade and cargo carriers and other clients of the Customs Department. Through this facility the Department offers a host of services, including on-line, electronic filing of the Bill of Entry (import goods declaration), Shipping Bills (export goods declaration) and related electronic messages between Customs and the Trading Partners, document tracking, e-payment, online registration of IPR and links to various other important websites. using communication facilities (E-mail, Web-upload & FTP) using the communication protocols commonly used on the internet. Besides, data is also exchanged between Customs and the various regulatory and licensing agencies such as DGFT, RBI, and DGCIS through ICEGATE. All electronic documents/ messages being handled by the ICEGATE are processed at the Customs' end by the ICES 1.5 application.

In August 2011, the SKOCH Digital Inclusion Award for 2011 for e-governance was conferred on the ICEGATE Project. ICEGATE was also conferred the e-Asia award in November 2011 in Taipei by Asia Pacific Council for Trade Facilitation and Electronic Business (AFACT).

Risk Management System (RMS) has been upgraded and ported on the central computing facility in the Data Centre. The objective of the Risk Management System (RMS) is to enable the Indian Customs Administration to strike an appropriate balance between trade facilitation and enforcement. Under the RMS, Bills of Entry filed by importers in the Indian Customs EDI System (ICES) are processed for risk and a large number of consignments are allowed clearance without examination based on the importers' self assessment. Other consignments go for assessment or examination or both depending on the evaluation of risk by the RMS. RMS also provides for an assured customs clearance procedure for special clients having good track record and who meet specified criteria identified by the Customs. The

implementation of the RMS was one of the most significant steps in the ongoing Business Process Re-engineering and e-governance initiatives of the Central Board of Excise and Customs.

#### **Central Excise and Service Tax:**

Automation of Central Excise and Service Tax (ACES) is a centrally-hosted, web-based and workflow-based software application to automate the entire business processes relating to Central Excise and Service Tax that includes online registration, online filing and processing of returns, claims, intimations and permissions, filing and processing of excise related export documents, dispute resolution, audit, etc. ACES has also been made available on Online Learning Module (LMS) for imparting knowledge and understanding of the ACES application to the Departmental Officers and the Assessee. ACES has been rolled out in all 104 Central Excise and Service Tax Commissionerates as on 23.12.2009. ACES Certified Facilitation Centres (CFCs) have been made operational. These CFCs have been set up by members of the Institute of Chartered accountants of India (ICAI), Institute of Cost and Works Accountants of India (ICWAI) and Institute of Company Secretaries of India (ICSI). This initiative aims at providing services to taxpayers who may not have requisite IT infrastructure/ resources, to use ACES.

#### **Data Warehouse**

CBEC's Enterprise DW called SmartView is a web-based analytical reporting solution that is specifically designed for fast querying and sophisticated analytical capabilities, using the latest Business Intelligence (BI) tools. It has the capability to extract the data from various online transactional systems such as ICES 1.5 (Customs), ACES (Central Excise & Service Tax Returns) and EASIEST (Central Excise & Service Tax Payments), at a regular pre-set frequency. CBEC's Data Warehouse is hosted on CBEC's centralized, consolidated IT infrastructure. It is expected to serve as a single repository for Indirect Tax data providing a holistic nationwide view of the Customs, Central Excise and Service Tax data. This has enabled, for the first time, a 360 degree view of the taxpayer across Customs, Central Excise & Service Tax. SmartView has a user - friendly interface for accessing pre-defined reports and multi - dimensional analysis, along with an ad-hoc query facility. It also has data mining and text mining capabilities, which are being used to assist RMD in profiling entities involved in Import and Export.

Around 75 Customs, Central Excise and Service Tax pre-defined reports have been developed so far in the Data Warehouse based on requirements taken from various field offices, Directorates (DRI, DGoV, DGCEI, etc), TRU, Board etc. These reports are available to the user through CBECs applications' interface with a click of the mouse. The SmartView application has been rolled out for Departmental users and comprehensive end-use training has been imparted to a large number of officers. Information generated by CBEC's Data Warehouse is also being supplied to formations outside the CBEC such as Ministry of Commerce and Industry and Competition Commission of India.

CBEC has also implemented a pilot project Tax 360, as an extension of Data Warehouse. It enables Seamless Data Exchange between CBEC, CBDT and the Sales Tax Administration of the State of Maharashtra, and allows a 360 degree view of a taxpayer across Income Tax, Service Tax, Central Excise, Customs and State VAT.

The above measures, intended to provide benefit to both the Department and its clients, are to facilitate the assessment and collection of duty and to further consolidate the strength of Department in the following ways:

- a) Speedier Clearance of Cargo.
- b) Reduction in number of stages, transaction time and costs.
- c) E-filing of customs documents through the Gateway, on line assessment, duty payment and clearance procedures.
- d) E-payment of customs duty through Nationalised banks with Core Banking Solution.
- e) Electronic Credit of drawback into the bank.
- f) Document tracking facility.
- g) Encouraging Voluntary Compliance.
- h) Simplification of procedures.
- i) Synergy between various tax systems.
- j) Transparency.
- k) Minimization of manual interface.

In addition, CBEC's Data Warehouse has been implemented. This has enabled, for the first time, a 360 degree view of the taxpayer across Customs, Central Excise & Service Tax. The Data Warehouse has a user - friendly interface for accessing pre-defined reports and multi - dimensional analysis, along with an ad-hoc query facility. It also has data mining and text mining capabilities, which are being used to assist RMD in profiling entities involved in Import and Export.

#### Procurement of Scanners

Towards procurement of 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, a Pilot Project involving installation of one Mobile Gamma Ray Scanner and one re-locatable X-Ray Scanner at Jawaharlal Nehru Port Trust (JNPT), Nhava Sheva was taken up and completed by June, 2005. With the successful completion of the Pilot Project, a major step was taken towards facilitation of cargo clearance, efficient handling of increased volume of container traffic and improved customs control through non-intrusive examination have been achieved. In view of the encouraging results, the process of further procurement has progressed with the floating of tender for acquisition of 3 Mobile Scanners for installation at Kandla, Chennai and Tuticorin and 4 Fixed Scanners for installation at Mumbai, Kandla, Chennai and

Tuticorin. Ministry of Shipping has approved allocation of land for installation of scanners at Mumbai, Kandla, Chennai and Tuticorin. The Mobile and Fixed Scanners are expected to be installed and commissioner by 2013-14.

Both types of scanners installed at JNPT are working satisfactorily except mobile gamma ray scanner which had developed some technical problems after replacement of Cobalt 60 Source in May, 2011. However, the working has been restored now. The numbers of containers scanned, cases booked and amount realized in preceding three years are as under:-

| Year                    | Containers scanned through |               |
|-------------------------|----------------------------|---------------|
|                         | Mobile Scanner             | Fixed Scanner |
| 2009-10                 | 88954                      | 44116         |
| 2010-11                 | 87303                      | 55286         |
| 2011-12 (upto Dec.2011) | 28253                      | 77079         |

During 2009-10, 101 cases were booked through Fixed Scanner where the value of goods seized was Rs25.78 crore and customs duty involved was ₹ 3.07 crore. During 2010-11, 36 cases were booked involving the value of seized goods was ₹ 8.59 crore and customs duty of ₹ 1.81 crore. During 2011-12 (upto December, 2011), 79 cases were booked involving the value of seized goods at ₹ 21.29 crore involving customs duty of ₹ 4.22 crore..

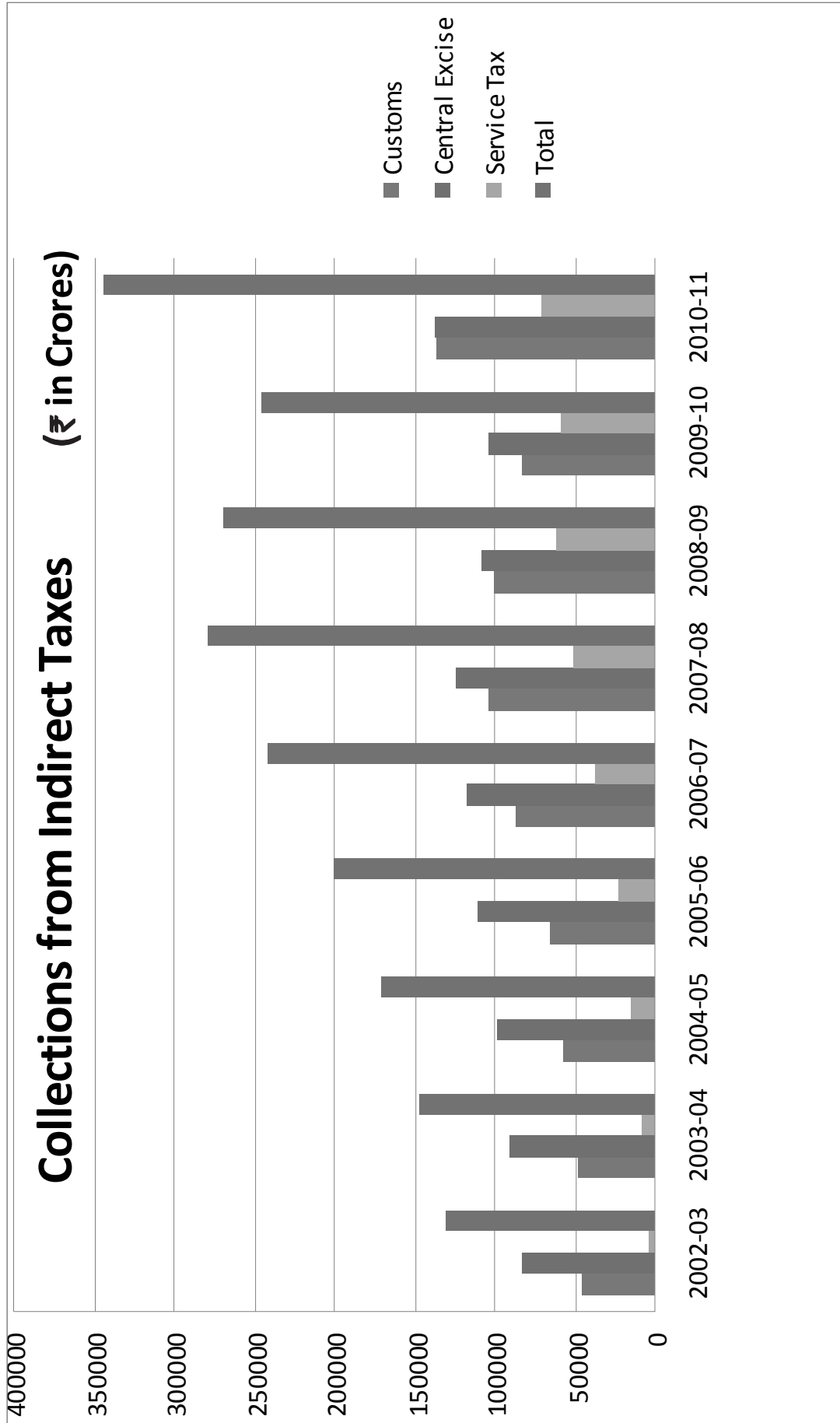
#### Procurement of Marine Vessels

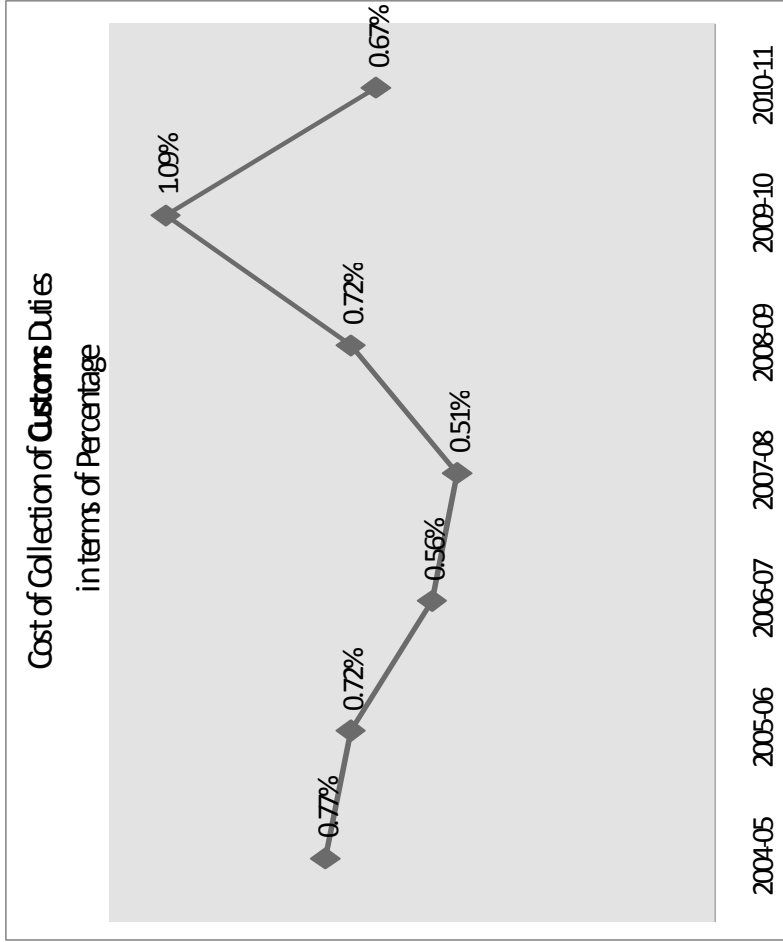
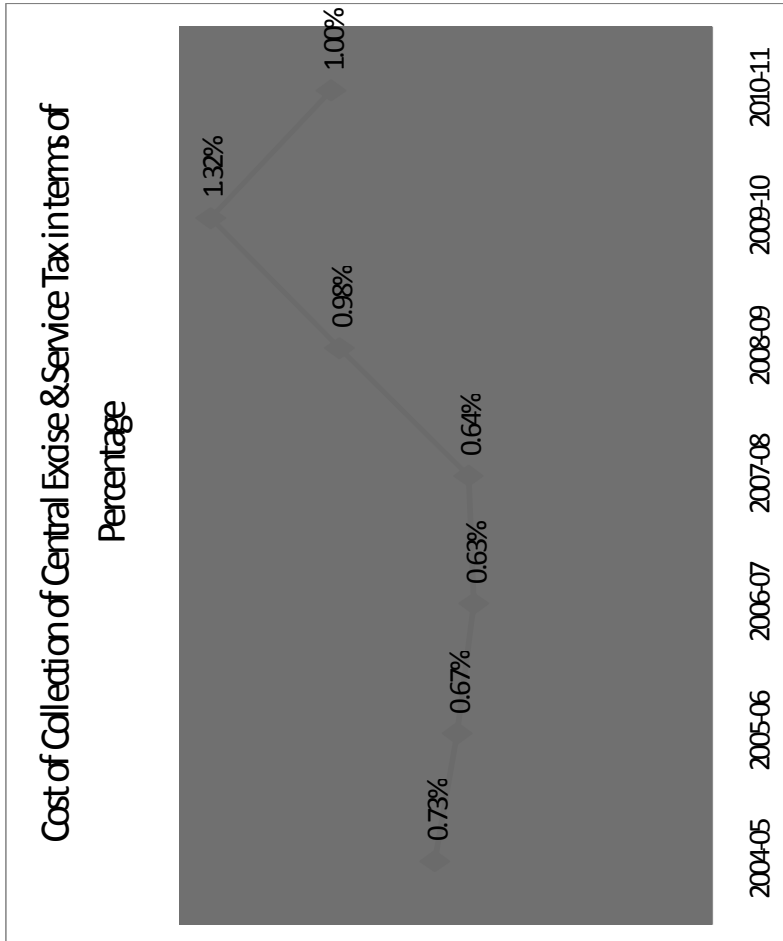
In order to improve the effectiveness of Customs Patrolling in the territorial waters of the country, a proposal for acquiring 109 modern and sophisticated marine vessels of various categories depending upon the needs and purposes for which they are to be deployed CCEA approved the procurement of 109 vessels at a cost of ₹ 358.19 on 22.02.2007 including 5 years spares and 5 years AMC. Orders were placed after issuing Global Notice Inviting Tender and on the firm technically and commercially cleared by the Ministry. All 24 Category I vessels have been delivered and deployed at Mumbai (03), Goa(02), Mangalore(03), Cochin(04), Pune (Ratnagiri) (02) and one vessel each at Ahmedabad (Umargaon), Jamnagar(Okha), Kandla, Visakhapatnam, Chennai, Trichy (Tuticorin), Trichy (Nagapattinam), Visakhapatnam-II (Kakinada), Kolkatta and Bhubneshwar-I (Paradip) Commissionerate.

Out of 22 sanctioned Category-II vessels, 12 vessels have been delivered and deployed at Mumbai (03), Jamnagar (02), Pune (Ratnagiri) (02), Mangalore(02), Ahmedabad (01), Goa(01) and Kandla Commissionerate (01).

All 63 Category-III vessels (30 vessels in Cat-III A & 33 in Cat-I(IIB) have been delivered and deployed at Mumbai(07), Goa(02), Mangalore(02), Pune (04), Cochin(04), Ahmedabad (02), Jamnagar (02), Kandla (02), Chennai (03), Visakhapatnam (01), Visakhapatnam-II(02), Guntur(01), Trichy (10), Kolkatta (10), Bhubneshwar (02), Patna (03) and Shillong Commissionerate (06).

The delivery of remaining 10 Category II vessels is likely to be completed within Financial Year 2011-12.





**SUMMARISED POSITION OF SCHEMES UNDER  
DEMAND NO.43 - INDIRECT TAXES**

| S. No. | Scheme  | 2010-11       |               | 2011-12       |               | 2012-13      |                  |
|--------|---|---------------|---------------|---------------|---------------|--------------|------------------|
|        |   | BE            | RE            | Actual        | BE            | RE           | BE               |
|        |   |               |               |               |               |              | (₹ in crore)     |
|        |   |               |               |               |               |              | (up to Dec., 11) |
| 1.     | Strengthening of IT Capability for e-governance | 150.00        | 106.00        | 145.58        | 150.00        | 150.00       | 150.00           |
| 2.     | Acquisition of Ships & Fleets                   | 48.00         | 42.00         | 21.87         | 38.27         | 1.86         | 10.18            |
| 3.     | Acquisition of Scanners                         | 73.00         | 36.95         | 11.33         | 43.65         | 1.09         | 76.97            |
| 4.     | Acquisition of Office Accommodation             | 132.00        | 51.00         | 88.92         | 7.00          | 0.00         | 28.00            |
| 5.     | Acquisition of Residential Accommodation        | 11.00         | 2.00          | 0.97          | 4.00          | 0.00         | 4.00             |
|        | <b>Total</b>                                    | <b>414.00</b> | <b>237.95</b> | <b>268.67</b> | <b>242.92</b> | <b>90.28</b> | <b>269.15</b>    |
|        | Percentage w.r.t. RE                            |               |               | 112.91        |               | 37.16        |                  |

**STATEMENT SHOWING SCHEME-WISE ACTUAL EXPENDITURE  
VIS-À-VIS BE/RE FOR THE YEARS 2009-10, 2010-11 AND 2011-12**

| S. No.                        | Descriptions                                    | Major Head | (₹ in crore)   |                |                |                |                |                |                |                |                |
|-------------------------------|---|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               |   |            | 2009-10        |                | 2010-11        |                | 2011-12        |                |                |                |                |
|                               |   |            | BE             | RE             | Actual         | BE             | RE             | Actual         | BE             | RE             | Actual         |
| <b>Revenue Section</b>        |   |            |                |                |                |                |                |                |                |                |                |
| 1                             | MH-2037 (Customs)                               |            |                |                |                |                |                |                |                |                |                |
|                               | Collection of Customs                           | 2037       | 950.29         | 931.86         | 901.14         | 850.26         | 918.84         | 903.29         | 981.51         | 978.03         | 726.04         |
|                               | Customs Welfare Fund                            | 2037       | 10.50          | 9.00           | 8.53           | 0.00           | 0.00           | 0.00           | 0.00           | 6.14           | 0.00           |
|                               | Missions Abroad                                 | 2037       | 1.20           | 1.30           | 1.30           | 1.40           | 1.55           | 1.55           | 1.70           | 2.10           | 1.70           |
| 2                             | MH-2038 (Union Excise Duties)                   |            |                |                |                |                |                |                |                |                |                |
|                               | Collection of Union Excise Duties               | 2038       | 1855.67        | 1831.05        | 1832.68        | 1627.10        | 1827.38        | 1800.94        | 1970.27        | 1964.87        | 1567.20        |
|                               | Printing of Banderoles etc.                     | 2038       | 0.02           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                               | Directorate of Inspection                       | 2038       | 28.62          | 31.51          | 30.93          | 27.97          | 30.48          | 30.32          | 31.83          | 34.76          | 25.54          |
|                               | Systems and Data Management                     | 2038       | 146.64         | 157.24         | 154.22         | 131.80         | 83.78          | 124.97         | 135.15         | 134.80         | 86.61          |
|                               | Vigilance                                       | 2038       | 8.52           | 13.35          | 12.84          | 11.38          | 12.08          | 11.79          | 12.61          | 12.32          | 8.35           |
|                               | National Academy of Customs, Excise & Narcotics | 2038       | 21.16          | 26.37          | 30.44          | 21.57          | 36.58          | 39.97          | 37.83          | 43.37          | 30.54          |
|                               | Directorate of Publicity & Public Relations     | 2038       | 24.68          | 24.64          | 24.91          | 26.29          | 27.02          | 27.01          | 30.21          | 31.35          | 12.17          |
|                               | Directorate of Central Excise Intelligence      | 2038       | 32.35          | 31.21          | 25.45          | 27.56          | 29.33          | 25.93          | 30.73          | 32.92          | 21.86          |
|                               | Other Offices                                   | 2038       | 8.35           | 14.54          | 15.60          | 11.97          | 12.87          | 11.37          | 13.50          | 12.88          | 8.56           |
| 3                             | MH-2216 (Housing)                               |            |                |                |                |                |                |                |                |                |                |
|                               | Housing - Maintenance & Repair                  | 2216       | 6.50           | 8.00           | 5.39           | 6.00           | 4.75           | 2.29           | 6.00           | 5.30           | 1.45           |
| 4                             | MH-3606 (Aid Material)                          |            |                |                |                |                |                |                |                |                |                |
|                               | Aid Material & Equipment                        | 3606       | 0.50           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| <b>Total- Revenue Section</b> |   |            | <b>3095.00</b> | <b>3080.07</b> | <b>3043.43</b> | <b>2743.30</b> | <b>2984.66</b> | <b>2979.43</b> | <b>3251.34</b> | <b>3258.84</b> | <b>2490.02</b> |

| S. No. | Descriptions                                     | Major Head | (₹ in crore)   |                |                |                |                |                |                |                |                |  |  |
|--------|--|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
|        |  |            | 2009-10        |                | 2010-11        |                | 2011-12        |                |                |                |                |  |  |
|        |  |            | BE             | RE             | Actual         | BE             | RE             | Actual         | BE             | RE             | Actual         |  |  |
|        | <b>Capital Section</b>                           |            |                |                |                |                |                |                |                |                |                |  |  |
| 5      | MH-4047 (Customs)                                |            |                |                |                |                |                |                |                |                |                |  |  |
|        | Acquisition of Marine Vessels                    | 4047       | 120.00         | 102.00         | 78.64          | 48.00          | 42.00          | 21.87          | 13.50          | 38.27          | 1.86           |  |  |
|        | Acquisition of Container Scanners                | 4047       | 100.00         | 57.00          | 0.00           | 73.00          | 36.95          | 11.33          | 70.00          | 43.65          | 1.09           |  |  |
|        | Major Works                                      | 4047       | 0.20           | 0.20           | 0.15           | 0.20           | 0.05           | 0.00           | 0.05           | 0.03           | 0.00           |  |  |
| 6      | MH-4059 (Office Accommodation)                   |            |                |                |                |                |                |                |                |                |                |  |  |
|        | Acquisition of Ready Built Office Buildings      | 4059       | 50.00          | 12.00          | 6.05           | 132.00         | 51.00          | 88.92          | 40.00          | 7.00           | 0.00           |  |  |
| 7      | MH-4216 (Residential Accommodation)              |            |                |                |                |                |                |                |                |                |                |  |  |
|        | Acquisition of Ready Built Residential Buildings | 4216       | 19.80          | 1.80           | 0.30           | 11.00          | 2.00           | 0.97           | 4.00           | 4.00           | 0.00           |  |  |
|        | <b>Total- Capital Section</b>                    |            | <b>290.00</b>  | <b>173.00</b>  | <b>85.14</b>   | <b>264.20</b>  | <b>132.00</b>  | <b>123.09</b>  | <b>127.55</b>  | <b>92.95</b>   | <b>2.95</b>    |  |  |
|        | <b>Grand Total</b>                               |            | <b>3385.00</b> | <b>3253.07</b> | <b>3128.57</b> | <b>3007.50</b> | <b>3116.66</b> | <b>3102.52</b> | <b>3378.89</b> | <b>3351.79</b> | <b>2492.97</b> |  |  |
|        | <b>Recoveries</b>                                |            | <b>-1.00</b>   | <b>-0.50</b>   | <b>-0.19</b>   | <b>-0.50</b>   | <b>-0.50</b>   | <b>-5.24</b>   | <b>-0.50</b>   | <b>-0.50</b>   | <b>-0.04</b>   |  |  |
|        | <b>Net</b>                                       |            | <b>3384.00</b> | <b>3252.57</b> | <b>3128.38</b> | <b>3007.00</b> | <b>3116.16</b> | <b>3097.28</b> | <b>3378.39</b> | <b>3351.29</b> | <b>2492.93</b> |  |  |







| S. No. | Object Head                                       | (₹ in crore)   |                |                |                |                |                |                |                |                |  |  |  |
|--------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|--|
|        |   | 2009-10        |                |                | 2010-11        |                |                | 2011-12        |                |                |  |  |  |
|        |   | BE             | RE             | Actual         | BE             | RE             | Actual         | BE             | RE             | Actual         |  |  |  |
|        |   |                |                |                |                |                |                |                |                |                |  |  |  |
| 20     | Machinery & Equipment                             | 20.00          | 18.00          | 11.10          | 20.00          | 14.50          | 11.20          | 20.00          | 17.50          | 6.94           |  |  |  |
| 21     | Inter Accounts Transfer                           | 10.50          | 9.00           | 8.53           | 0.00           | 0.00           | 0.00           | 0.00           | 6.14           | 0.00           |  |  |  |
| 22     | Information Technology                            | 200.00         | 200.00         | 186.41         | 150.00         | 106.00         | 145.58         | 150.00         | 150.00         | 87.33          |  |  |  |
|        | <b>Total - Revenue Section</b>                    | <b>3095.00</b> | <b>3080.07</b> | <b>3043.43</b> | <b>2743.30</b> | <b>2984.66</b> | <b>2979.43</b> | <b>3251.34</b> | <b>3258.84</b> | <b>2490.02</b> |  |  |  |
| 23     | Acquisition of Ships & Fleets                     | 120.00         | 102.00         | 78.64          | 48.00          | 42.00          | 21.87          | 13.50          | 38.27          | 1.86           |  |  |  |
| 24     | Acquisition of Anti Smuggling Equipment           | 100.00         | 57.00          | 0.00           | 73.00          | 36.95          | 11.33          | 70.00          | 43.65          | 1.09           |  |  |  |
| 25     | Major Works                                       | 0.20           | 0.20           | 0.15           | 0.20           | 0.05           | 0.00           | 0.05           | 0.03           | 0.00           |  |  |  |
|        | <b>Total - Major Head '4047'</b>                  | <b>220.20</b>  | <b>159.20</b>  | <b>78.79</b>   | <b>121.20</b>  | <b>79.00</b>   | <b>33.20</b>   | <b>83.55</b>   | <b>81.95</b>   | <b>2.95</b>    |  |  |  |
| 26     | Purchase of Ready Built Office Accommodation      | 50.00          | 12.00          | 6.05           | 132.00         | 51.00          | 88.92          | 40.00          | 7.00           | 0.00           |  |  |  |
| 27     | Purchase of Ready Built Residential Accommodation | 19.80          | 1.80           | 0.30           | 11.00          | 2.00           | 0.97           | 4.00           | 4.00           | 0.00           |  |  |  |
|        | <b>Total - Capital Section</b>                    | <b>290.00</b>  | <b>173.00</b>  | <b>85.14</b>   | <b>264.20</b>  | <b>132.00</b>  | <b>123.09</b>  | <b>127.55</b>  | <b>92.95</b>   | <b>2.95</b>    |  |  |  |
|        | <b>Grand Total</b>                                | <b>3385.00</b> | <b>3253.07</b> | <b>3128.57</b> | <b>3007.50</b> | <b>3116.66</b> | <b>3102.52</b> | <b>3378.89</b> | <b>3351.79</b> | <b>2492.97</b> |  |  |  |
|        | <b>Recoveries</b>                                 | <b>1.00</b>    | <b>0.50</b>    | <b>0.19</b>    | <b>0.50</b>    | <b>0.50</b>    | <b>-5.24</b>   | <b>0.50</b>    | <b>0.50</b>    | <b>0.04</b>    |  |  |  |
|        | <b>Net</b>  | <b>3384.00</b> | <b>3252.57</b> | <b>3128.38</b> | <b>3007.00</b> | <b>3116.16</b> | <b>3097.28</b> | <b>3378.39</b> | <b>3351.29</b> | <b>2492.93</b> |  |  |  |

## FINANCIAL REVIEW

### ANALYSIS OF TRENDS IN EXPENDITURE

During 2010-11, total expenditure of ₹ 3102.52 crore was 0.83% less than the expenditure of ₹ 3128.57 crore incurred in 2009-10. In Revenue Section, the decrease is 2.10% which is mainly due to less expenditure on pay & allowances.

Under Capital Section, there is an increase of 44.57% in 2010-11 vis-à-vis expenditure in 2009-10. This is mainly on account of higher expenditure towards payment in respect of purchase of office space at NBCC Plaza in New Delhi.

In 2011-12, total estimated expenditure of ₹ 3351.79 crore, which is 8.03% more than the expenditure of ₹ 3102.52 crore incurred in 2010-11. In Revenue Section, the anticipated increase is 9.37% which is mainly due to higher expenditure expected in respect of pay & allowance as well computerization of the Department.

Under Capital Section, there is an anticipated decrease of 24.49% in 2011-12 vis-à-vis expenditure in 2010-11. This is on account of less payment towards lease rent for acquisition of land from concerned Port authorities for installation of scanners and less payment likely to be made in respect of office space purchased at NBCC Plaza in New Delhi.

Expenditure under 'Advertising and Publicity' was ₹ 22.06 crore in 2010-11, which is 8.78% more than the expenditure of ₹ 20.28 crore in 2009-10. This is on account of more emphasis on publicity programme in general and clearance of pending bills pertaining to previous year. The estimated expenditure for 2011-12 is ₹ 26.96 crore which is 22.21% more than the expenditure in 2010-11 on account of wider campaigns of publicity through outdoor and miscellaneous media.

Under 'Information Technology' expenditure during 2010-11 was ₹ 145.58 crore which is 21.90% less than the expenditure of ₹ 186.41 crore incurred in 2009-10 because of less expenditure towards implementation of most of the components of

consolidation of computerization programme during 2010-11. For 2011-12, estimated expenditure of ₹ 150.00 crore is 3.04% more than the expenditure incurred in 2010-11 because payment is linked to completion of various stages of computerization and some of the payment stages may spill over to next financial year.

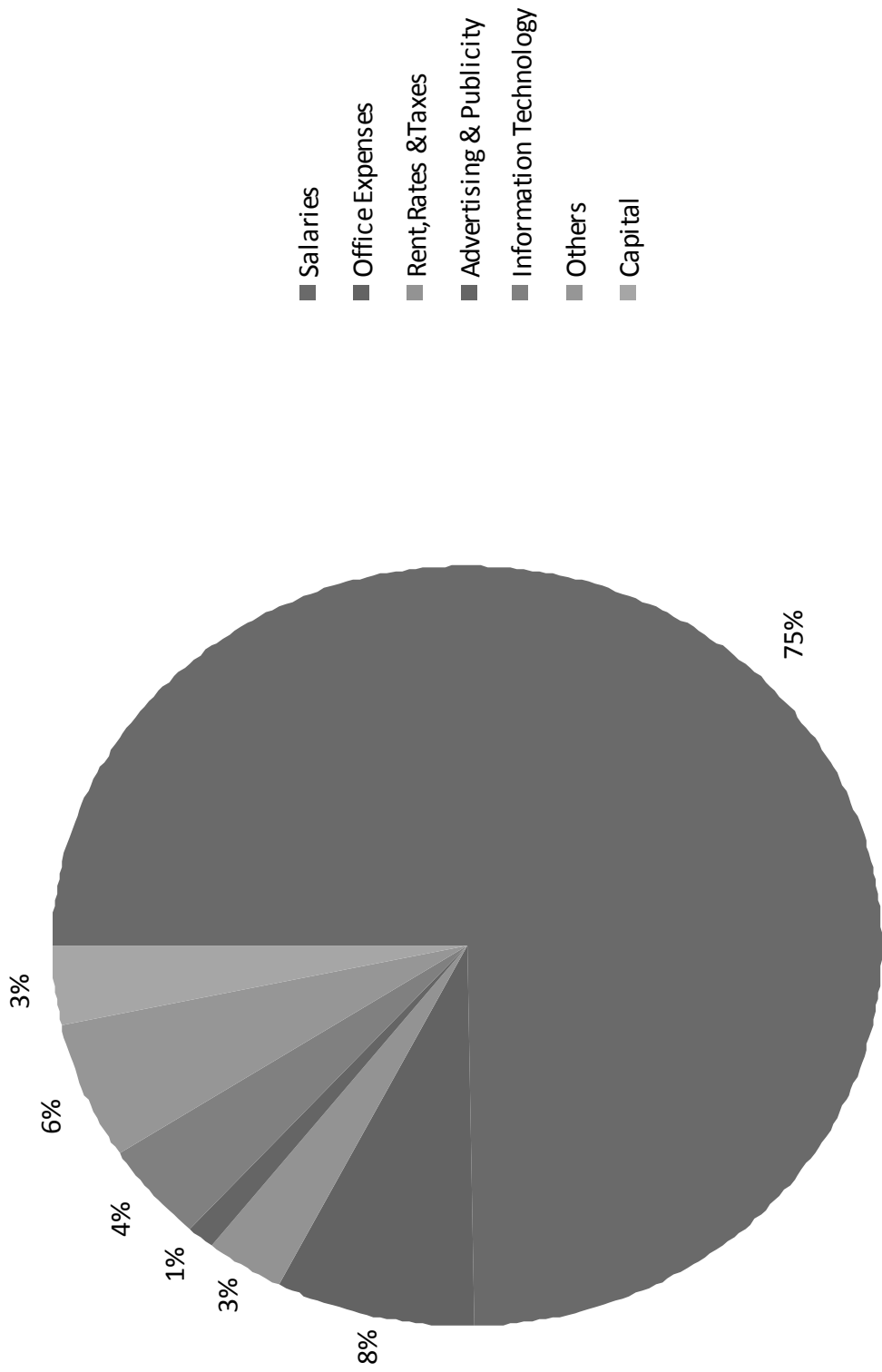
For procurement of Marine Vessels, expenditure during 2010-11 was ₹ 21.87 crore which is 72.19% less than the expenditure of ₹ 78.64 crore incurred in 2009-10 because payment to the Boat Builders is linked with the construction and delivery of boats. Expenditure of ₹ 38.27 crore is likely to be incurred during 2011-12 towards scheduled payments for vessels. Out of 109 vessels to be procured, 95 vessels (24 in Category-I, 08 in Category-II and 30 in Category III-A and 33 in Category III-B) have been delivered to the Department by December, 2010.

For procurement of container scanners, expenditure incurred during 2010-11 was ₹ 11.33 crore as against nil expenditure incurred during 2009-10. During 2011-12, expenditure of ₹ 43.65 crore is likely to be incurred towards payment of lease rent for acquisition of land from concerned Port authorities and for advance payment for procurement of scanners.

For acquisition of office accommodation, expenditure during 2010-11 was ₹ 88.92 crore as against ₹ 6.05 crore in 2009-10. This included payment made for office accommodation at NBCC Plaza, New Delhi. For 2011-12, estimated expenditure is ₹ 7.00 crore towards further payment in respect of office accommodation purchased at NBCC Plaza, New Delhi.

For acquisition of residential accommodation, no expenditure was incurred during 2010-11 as against nominal expenditure of ₹ 0.30 crore incurred during 2009-10. For 2011-12, estimated expenditure of ₹ 4.00 crore is made for miscellaneous small projects.

### Major Constituents of Expenditure under the Grant of Indirect Taxes in BE 2012-13 in terms of Percentage



**DEPARTMENT OF DISINVESTMENT  
INTRODUCTION**

The Department of Disinvestment is mandated the following work:-

- (1) (a) All matters relating to disinvestment of Central Government equity from Central Public Sector Enterprises (CPSEs);
- (b) All matters relating to sale of Central Government equity through offer for sale or private placement in the erstwhile CPSEs;

(inserted through amendment Notification dated 28 June 2007).

**Note:** All other post disinvestment matters, including those relating to and arising out of the exercise of call option by the strategic partner in the erstwhile CPSEs, shall continue to be handled by the Administrative Ministry or Department concerned, where necessary, in consultation with the Department of Disinvestment.

- (2) Decisions on the recommendations of Disinvestment Commission on the modalities of disinvestment, including restructuring;
- (3) Implementation of disinvestment decisions, including appointment of advisors, pricing of shares and other terms and conditions of disinvestment;
- (4) Disinvestment Commission;
- (5) CPSEs for purposes of disinvestment of Government equity only; and
- (6) Financial policy in regard to the utilization of the proceeds of disinvestment channelised into the National Investment Fund (inserted through amendment dated 12 January 2006 to the Allocation of Business Rules).

The Department is headed by Secretary (Disinvestment) who is assisted by an Additional Secretary and two Joint Secretaries. There is also a post of Chief Executive Officer, National Investment Fund.

## STATEMENT OF OUTLAYS AND OUTCOMES 2012-13

| S. No. | Name of the Scheme/Programme   | Objective/Outcome  | Outlay 2012-13 (₹ in Crore) | Quantifiable Deliverables/ Physical Outputs | Projected Outcomes   | Processes/ Timelines  | Remarks/ Risk Factors  |
|--------|--|--|-----------------------------|---|--|---|--|
| 1      | 2  | 3  | 4                           | 5   | 6  | 7   | 8  |
|        |  |  | 4(i) Non-Plan Budget        |   |  |   |  |
|        |  |  | 4(ii) Plan Budget           |   |  |   |  |
|        |  |  | 4(iii) CEBR                 |   |  |   |  |
| 1.     | Disinvestment of Government of India shareholding in Central Public Sector Enterprises | To raise resources as well as unlock true value of CPSEs, through listing. | 55.09                       | ₹ 30,000.00 crore.                          | To achieve wide dispersal of ownership of CPSEs.<br>To enhance people ownership of CPSEs.<br>Improve corporate governance through listing. | Disinvestment depends on approvals by Government and then by SEBI, RBI etc, including preparedness of CPSEs<br>No strict timelines can be prescribed. However, a roadmap is prepared by Department which is monitored on a regular basis. | - Requisite number of independent directors not appointed on the Board.<br>- Volatility in the stock markets- Domestic & International |

## REFORM MEASURES AND POLICY INITIATIVES

The following measures have been taken this year to make the process of disinvestment more efficient and transparent.

### Initiatives taken to bring CPSEs on board.

Department has approached the disinvestment mandate with a view to improve corporate governance. Accordingly, Department has positive interaction with the Department of Public Enterprises. The two issues deserve mention: -

- Granting of Navratna or miniratna status to a CPSE (which allows greater financial autonomy to CPSEs) should be contingent on it becoming a listed company.
- A successful public issue [either an Initial Public Offer (IPO) or a Follow on Public Offer (FPO)] involves considerable effort and obligation with regard to accountability and answerability on the part of the management of the CPSE. The Department of Public Enterprises may consider suitable recognition of the same in the MOU system.

Listing of companies and making them compliant with SEBI guidelines will ensure higher disclosure levels bringing about greater transparency, equity and credibility.

### Awareness programmes.

- To increase retail participation investor awareness programme have been held through various forums.

- Workshops have been organized on topics like ‘Listing as a tool for improved Corporate Governance’ in which CPSEs who have done successful disinvestments have been asked to share their experience with the management of CPSEs who have to initiate the listing process so that their concerns are addressed.
- Interactive sessions held with select brokers and broker associations registered with SEBI to seek their views and suggestions, specifically to increase retail participation.

### Other initiatives.

- Incentivisation of the marketing chain, i.e. brokers and payment of incentive in a time bound manner.
- Incentivisation of retail investors by offering discount.
- Selection of BRLMs having strong retail network.
- To codify the entire public issue process for CPSEs the Department has prepared and published a ‘Handbook on Disinvestment’. The handbook explains in a step by step method the entire process and the role of the various parties concerned.
- To ensure that listed companies should have sustained interface with the investment community the Department has prepared ‘Guidelines on Investor Relations’ for all listed CPSEs. Listed companies to set up investor relationship cells.

### REVIEW OF PAST PERFORMANCE

The Department of Disinvestment has no plan or non-plan scheme. The entire Budget of the Department is under non-plan for payment of salary, wages, professional services and other administrative expenses, etc. The Budget Estimate for the financial year 2011-12 for the Revenue was ₹ 62.63 crore and Revised Estimate for financial year 2011-12 is ₹ 50.58 crore.

#### 1. (i) Disinvestment transactions completed during 2011-12 (upto December, 2011).

**Power Finance Corporation Ltd.** – Disinvestment of 5% paid-up equity capital of the Company in conjunction with issue of fresh equity of 15% paid-up capital by the Company through a Further Public Offer in the domestic market. Government of India shareholding has come down from 89.78% to 73.72%. Government realized an amount of ₹1144.55 crore.

#### (ii) Disinvestment transaction(s) under implementation:

- (a) **Oil and Natural Gas Corporation Ltd. (ONGC)** – Disinvestment of 5% paid-up equity capital of the Company out of Government shareholding through a Further Public Offer in domestic market. Government of India shareholding will come down from 74.14% to 69.14%. The disinvestment is expected to be completed during the current financial year.
- (b) **Bharat Heavy Electricals Ltd. (BHEL)** – Disinvestment of 5% equity capital of the company out of Government shareholding through a Further Public Offer in domestic market. Government of India shareholding will come down from 67.72% to 62.72%. The disinvestment is likely to be completed during the current financial year.
- (c) **National Building Construction Corporation Limited (NBCC)** – Disinvestment of 10% equity out of Government shareholding of 100%. The Public offering is likely to be completed in the current financial year.

(iii) Transactions awaiting approval:

(a) **Steel Authority of India Ltd. (SAIL)** – Disinvestment through offer for sale of GoI's equity shareholding of 10% of paid-up capital, in conjunction with issue of fresh equity of 10% of SAIL's paid-up capital, in two distinct tranches each comprising 5% offer for sale and 5% issue of fresh equity. Since SAIL Board decided that the Company does not require raising capital, the proposal is being revised to cover only disinvestment by the Government.

(b) **Hindustan Copper Ltd. (HCL)** - Disinvestment of 10% paid-up equity capital of the Company out of Government shareholding in conjunction with issue of fresh equity of equal size by the Company through a Further Public Offer. This could not be completed in financial year 2010-11 due to concerns on valuation of the Company.

Since the Company informed that it does not require funds, the Department is revising the proposal for only disinvestment of 10% equity of the Company out of Government shareholding.

(c) **Rashtriya Ispat Nigam Limited (RINL)** - Proposal for disinvestment of 10% paid up equity of RINL out of Government shareholding has been mooted. Preparatory action for appointment of advisors has been completed.

(d) **Hindustan Aeronautics Ltd.** – Ministry of Defence has given its consent for disinvestment of 10% paid-up equity out of Government's shareholding. Preparatory action for appointment of advisors has been completed.

II The Budgeted targets for disinvestment receipts and the amounts realized through disinvestment in CPSEs during 2010-11 and 2011-12 (up to 31<sup>st</sup> December, 2011) are given below:-

| Year   | Budgeted targets<br>(₹ in crore) | Proceeds from<br>Disinvestment<br>(₹ in crore) | Remarks<br>(₹ in crore)   |
|--|----------------------------------|--|---|
| 2010-11  | 40000.00                         | 22144.21                                       | Satluj Jal Vidyut Nigam Ltd. : ₹ 1062.74<br>Engineers India Ltd. : ₹ 959.65<br>Power Grid Corporation of India Ltd. : ₹ 3721.17<br>Manganese Ore India Ltd. : ₹ 618.76<br>Coal India Ltd. : ₹ 15199.44<br>Shipping Corporation of India Ltd. : ₹ 582.45 |
| 2011-12 (up to<br>31 <sup>st</sup> December, 2011) | 40000.00                         | 1144.55  | Power Finance Corporation Ltd. : ₹ 1144.55  |

III The disinvestment receipts of ₹22,144.21 crore in 2010-11 and BE of ₹40,000 crore in 2011-12 are/will be utilized towards meeting expenditure on the following social sector schemes in accordance with the decision taken by the Cabinet on 5<sup>th</sup> November, 2009.

(₹ in crore)

| <b>Name of the Scheme</b>                                  | <b>2010-2011</b> | <b>BE 2011-2012</b> |
|--|------------------|---------------------|
| Accelerated Irrigation Benefits Programme (AIBP)           | 1700.00          | 4656.00             |
| Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)           | 2000.00          | 5000.00             |
| Indira Awas Yojana (IAY)                                   | 7000.00          | 8448.00             |
| National Rural Employment Guarantee Scheme (NREGS)         | 10360.79         | 18768.00            |
| Jawaharlal Nehru National Urban Renewal Mission (JNNURM)   | 1032.00          | 3076.00             |
| Accelerated Power Development and Reform Programme (APDRP) | 52.00            | 52.00               |
| <b>Total</b>   | <b>22144.79</b>  | <b>40000.00</b>     |



**FINANCIAL REVIEW**  
**OBJECT HEAD-WISE EXPENDITURE VIS-A-VIS BE/RE FOR THE YEARS 2009-10, 2010-11 & 2011-12**

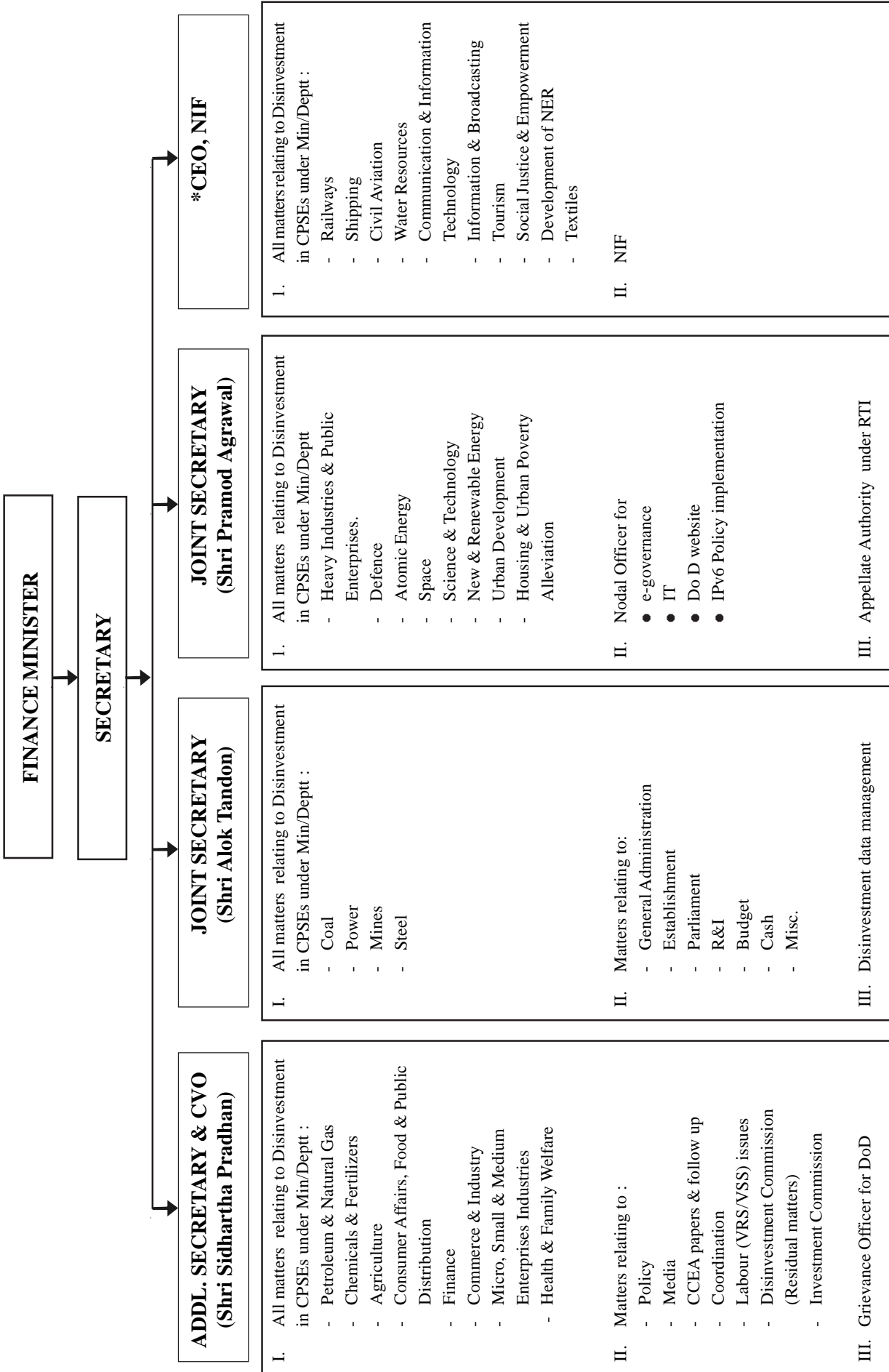
(₹ in crore)

| S.No.                  | Description                               | 2009-10        |              | 2010-11      |              | 2011-12      |                    |
|------------------------|---|----------------|--------------|--------------|--------------|--------------|--------------------|
|                        |   | B.E.           | R.E.         | B.E.         | R.E.         | B.E.         | R.E.               |
|                        |   |                | Actual       |              | Actual       |              | Actual             |
|                        |   |                |              |              |              |              | upto<br>31.12.2011 |
| <b>REVENUE SECTION</b> |   |                |              |              |              |              |                    |
| 1                      | Salaries                                  | 3.06           | 3.06         | 2.92         | 2.79         | 2.99         | 2.81               |
| 2                      | Wages                                     | 0.00           | 0.00         | 0.00         | 0.00         | 0.00         | 0.00               |
| 3                      | Overtime Allowance                        | 0.02           | 0.01         | 0.00         | 0.01         | 0.02         | 0.01               |
| 4                      | Medical Treatment                         | 0.02           | 0.02         | 0.03         | 0.03         | 0.04         | 0.02               |
| 5                      | Domestic Travel Expense                   | 0.05           | 0.04         | 0.05         | 0.52         | 0.40         | 0.12               |
| 6                      | Foreign Travel Expenses                   | 0.04           | 0.10         | 0.68         | 2.65         | 3.00         | 0.30               |
| 7                      | Office Expenses                           | 0.50           | 0.45         | 0.45         | 0.95         | 0.95         | 0.88               |
| 8                      | Publication                               | 0.01           | 0.01         | 0.00         | 0.00         | 0.01         | 0.00               |
| 9                      | Other Administrative Expenses             | 0.03           | 0.02         | 0.01         | 0.01         | 0.03         | 0.03               |
| 10                     | Professional Services                     | 15.00          | 38.46        | 37.32        | 56.06        | 55.14        | 18.88              |
| 11                     | Information Technology<br>(other charges) | 0.05           | 0.03         | 0.02         | 0.03         | 0.05         | 0.05               |
|                        | <b>Total Revenue Section</b>              | <b>18.78</b>   | <b>42.20</b> | <b>41.48</b> | <b>63.05</b> | <b>62.63</b> | <b>23.10</b>       |
|                        | <i>CAPITAL SECTION</i>                    | <i>2240.00</i> | <i>0.00</i>  | <i>00.00</i> | <i>00.00</i> | <i>00.00</i> | <i>00.00</i>       |
|                        | <b>GRAND TOTAL</b>                        | <b>2258.78</b> | <b>42.20</b> | <b>41.48</b> | <b>63.05</b> | <b>62.63</b> | <b>23.10</b>       |

**ANALYSIS OF OVERALL TRENDS IN EXPENDITURE**

The overall Revenue expenditure under this Grant was ₹41.48 crore in 2009-10, ₹63.05 crore in 2010-11 and ₹23.10 crore in 2011-12 (up to December 2011). This expenditure is mainly to meet the requirements of the Secretariat of the Department.

**ORGANIZATIONAL STRUCTURE  
DEPARTMENT OF DISINVESTMENT**



\* Chief Executive Officer, National Investment Fund.